

WORLD NEWS

Israeli police in clash at mosque

Israeli police clashed with stone-throwing Palestinian protesters on Jerusalem's Temple Mount...

Bomb widens

Non-officials and criminal investigators in several countries joined an inquiry into possible breaches of the Non-Proliferation Treaty...

Fall-out stations

The Government is to announce plans next week for 80 monitoring stations to track fall-out in the event of a nuclear leak.

Argentina shooting

Army unrest resurfaced in Argentina as troops loyal to President Raul Alfonsin were involved in a shooting incident...

Road deaths rise

A total of 1,400 people died in road accidents in Britain in the third quarter of last year - 3 per cent more than the corresponding period in 1986.

Divers honoured

Five Royal Navy divers who were recalled from leave to search for victims of the Zebrugge ferry disaster are to be honoured for their courage.

Menigitis victim

A 66-year-old woman from Bridgend died from meningitis. It was the first fatality in Wales during the current outbreak.

Arms cache found

Three men were remanded in custody after the seizure of 64 rifles, 30 pistols and 150 grenades in County Armagh, Ulster.

Breznev man jailed

The late Leonid Brezhnev's private secretary has been jailed for nine years for taking bribes while working for the late Kremlin chief.

Khrushchev call

A Moscow journal published a call for Nikita Khrushchev to be reburied with full honours with other leading figures at the Kremlin wall.

Magnus Pyke attacked

TV scientist Dr Magnus Pyke was punched and died up by a raider at his London home.

16-wicket debut

Teenage Indian leg-spinner Narendra Hirwani became only the second bowler in Test history to claim 16 wickets in a debut match as India beat West Indies.

Top marks for 8%

Producers and critics taking part in the European Year of Film and Television voted Federico Fellini's 8 1/2 best European movie of the last 30 years.

Fairway to heaven

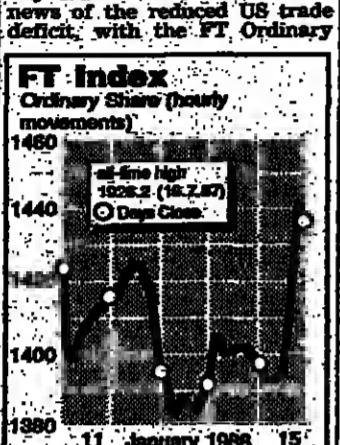
US golf fanatic Martin McDermott loved Ireland's Ballybunion course so much that he had his body flown over to be buried near the first tee.

BUSINESS SUMMARY

Tax cuts could total £5bn

CHANCELLOR Nigel Lawson may be able to cut taxes by £4bn to £5bn and reduce his borrowing target to zero in the March Budget...

FT Index



Index gaining 38 points to close at 1,436.7, up 12.2 on the week. Stock market, Page 12.

CONFIDENTIAL Recoveries

Hong Kong creditors group obtained a court order preventing the sale of Thursday's vote on Nigeria's commercial debt rescheduling from being divulged.

TAKOVER bids

novel or highly leveraged financing methods might be permitted without full Monopolies Commission scrutiny under the revised mergers policy.

RABCLAYS, second-largest UK bank, is selling its Californian retail banking business to leading California bank Wells Fargo for \$1.25bn (£70.5m).

MANUFACTURERS' turnover

leading New York bank suffering from Third World debt exposure is to cut 2,500 jobs and make a \$117m (£65.8m) restructuring charge against fourth-quarter profits.

GRAND Metropolitan, UK drink group, equalised its battle with Canadian drinks group Seagram for French cognac house Martell with a final offer worth FF4.57bn (£457m).

ASSOCIATION of British Newspapers said new premiums for life and pensions business rose by quarter to \$12.16bn last year.

ZINC producers in western Europe increased their prices from \$860 (£484) to \$890, a tonne.

DUTCH Government plans to rescue aircraft maker Fokker as being held up by the European Commission.

RONALD LI, former chairman of Hong Kong stock exchange, was convicted for trial on charges of accepting an unlawful advantage from the local subsidiary of leading Japanese construction company Kumagai Gumi.

CERUS, French holding company of Carlo de Benedetti, is expected to announce next week the acquisition of a large minority shareholding in financial services group Dussan-Leblé.

HARRIS Queensway, furniture and furnishings group, sold its paint and wallpaper retail chain Harris Home Charm for \$7.5m cash to stores group A G Stanley.

TRUSTEE Savings Bank Group reported annual pre-tax profits of \$275.5m in its first full year since flotation in September 1987.

Dollar and shares rise sharply as US trade deficit falls

BY OUR FOREIGN AND FINANCIAL STAFF

THE DOLLAR and share prices soared in hectic trading on world financial markets yesterday after the release of official figures which showed that the US trade deficit had fallen to \$13.22bn (£7.46bn) in November from October's record level of \$17.63bn.

US to withdraw forces from key base in Spain

BY TOM BURNS IN MADRID

THE US yesterday bowed to pressure from Spain's Socialist Government and agreed to withdraw its forces from Torrejon Airbase near Madrid within three years, clearing the way for a defence pact between the two countries.

Tories survive revolt over secrets reform

BY TOM LYNCH

THE GOVERNMENT yesterday survived the biggest Conservative revolt of this parliament when it defeated a backbench attempt to reform the Official Secrets Act.

US to withdraw forces from key base in Spain

BY TOM BURNS IN MADRID

THE US yesterday bowed to pressure from Spain's Socialist Government and agreed to withdraw its forces from Torrejon Airbase near Madrid within three years, clearing the way for a defence pact between the two countries.

WEEKEND FT



GAITSKELL

At the end of the 1950s, Hugh Gaitskell warned that the Labour Party had to adapt to changing social trends in order to survive.

FINANCE

Winners and losers so far in the 1988 FT Great Investment Race

TRAVEL

Skating in Morocco: not such a unisex option

PROPERTY

Women take the lead in the house building industry

BALD FACTS

Keeping your hair on when all around are losing theirs

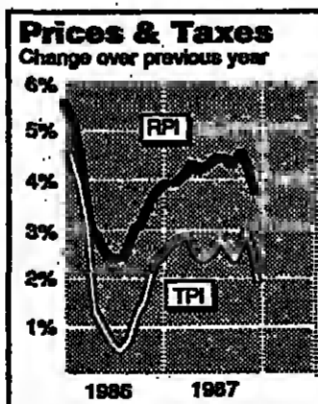
SURVEY

Personal planning for retirement and pensions

Mortgage cuts helped reduce inflation rate last month

BY RALPH ATKINS

MORTGAGE RATE cuts helped reduce Britain's annual inflation rate in December to its lowest level for 12 months, but an upturn is expected later this year.



The index of Retail Prices fell 0.1 per cent last month, pushing the annual inflation rate down to 3.7 per cent, the Department of Employment said yesterday.

Senior Financial Executives of outstanding ability

Currently Earning £40,000-£100,000. Odgers and Co. are Management Consultants specialising in executive recruitment.

Table with columns for DOLLAR, STERLING, LONDON MONEY, NORTH SEA OIL, US LUNCHTIME RATES, STOCK INDICES, and GOLD.

CONTENTS

Table of contents listing various articles and their page numbers.

Table of exchange rates for various currencies including Australia, Canada, Hong Kong, etc.

Advertisement for Odgers and Co. Management Consultants, featuring the company logo and contact information.

OVERSEAS NEWS

Pretoria eases foreign debt service rules

By Jim Jones in Johannesburg

MR BAREND DU PLESSIS, South Africa's finance minister, has further relaxed restrictions on repatriation of foreign debt principal payments...



du Plessis: Advantages

Foreign bank creditors are to be allowed to use repayments of principal against a net of exchange controls to buy local equity or property...

The move is the most significant in this sector for South Africa since early last year when the government reached agreement with foreign creditor banks on a three-year programme of partial debt repayment...

currency service receipts into rands at the commercial rand exchange rate to buy South African assets. They will only be allowed to sell them to other non-residents at the financial rand exchange rate...

Angolans 'battle' 6,000 S Africans

ANGOLA said yesterday its 3,000 South African soldiers, backed by artillery and armoured vehicles, around the strategic south-eastern garrison town of Cuito Cuanavale...

drawal. In Pretoria, the South African army said: "These claims appear to be part of Angola's concerted efforts to divert world attention from Unita's much publicised successes recently..."

War-torn Mozambique expects faster growth

By Victor Mallet

MOZAMBIQUE, although devastated by an unrelenting civil war, is expecting further economic growth this year as it pursues a radical programme of reform supported by western donors...

annual decrease of 8 per cent between 1980 and 1986. Mozambique is entering the second year of a recovery plan backed by the International Monetary Fund and the World Bank...

Iran poised for big attack on Iraqi front

By Our Middle East Staff

IRAN said yesterday its forces were poised to launch a ground offensive against Iraqi defensive positions along the full length of the war front...

Mr Ali Akbar Hashemi Rafsanjani, Speaker of Iran's Parliament and chief war spokesman, indicated that the Islamic Republic may have abandoned any restraint exercised recently out of respect for Syria's diplomatic initiative aimed at bringing about a dialogue between Tehran and the Gulf Co-operation Council...

Syria urges Genscher to condemn Israel

By Our Middle East Staff

WEST GERMAN Foreign Minister Hans-Dietrich Genscher began a visit to Syria yesterday as Damascus urged a firm European stand in support of a Middle East peace conference...

Mr Genscher said this week that the assault on Cuito Cuanavale, about 200 miles from the Namibian border, was to help South Africa establish a corridor of control deep in central and north Angola.

Anthony Harris puts a damper on euphoria over the US November trade figures US trade results 'too good to be true'

STATISTICAL analysts, who will tell you that it is no colder in winter than in summer, seasonally adjusted, usually throw a normative wet blanket over the news. However, the US November trade figures have them excited.

"This looks like the turning point," says a foreign trade specialist at the US Bureau of the Census. Wall Street economists sound even more confident, and with some reason. Seasonal factors would usually produce an improvement of \$1bn to \$1.5bn between October and November. The actual improvement in the new figures is \$4.4bn, well above even the most optimistic forecasts.

Yesterday's rise in the dollar in response to the improvement in the US trade deficit in November will provide only a brief respite for the US currency, a leading academic economist said yesterday, reports Philip Stephens.

That in turn might imply substantially larger devaluations in nominal terms against the Yen and the D-mark, with a depreciation against the Japanese currency of perhaps 30 per cent.

Her over-valuation had been exacerbated by a number of structural changes in the world economy - the Latin American debt crisis, the rapid industrialisation of countries like South Korea and Taiwan and shifts in US consumer preferences.

All the same, euphoria is not a reliable guide to economic events. It should be pointed out at once that while the October figures were too bad to be true, the November figures may be too good to be true.

There are what look like abnormalities on both sides of the November account. Exports are more than 29 per cent up on the same month in 1986. This suggests that volume growth is now in the high rather than the low teens, and only a committed optimist would conclude that this surge will be sustained through the year - though since exports are such a small proportion of total US output, apparent miracles cannot be ruled out.

November show no benefit from the sharp fall in oil prices which started in that month. Indeed, the benefit is unlikely to appear before January. Contracts take time to renegotiate, and oil inventories were too close to the Atlantic to add up to a time lag of about two months.

More important, the news will have its own influence on future trade figures. The dollar will be far firmer now that the October nightmare has faded, and central banks may even have a chance to cash in some of their recent intervention at a profit.

Bush secures decisive Michigan victory

By Lionel Barber in Washington



Bush: legal challenge

AMID walk-outs, lock-outs and general chaos, Vice President George Bush has scored a potentially decisive victory in Republican presidential voting in Michigan.

start voting in the Republican presidential campaign. Yet the interminable warfare over delegate selection rules waged between supporters of Michael Dukakis, George Bush, and Robertson has destroyed local hopes that the state could be a trend-setter in voting this year.

presidential candidates, Senator Robert Dole of Kansas, Mr Alexander Haig, the former US Secretary of State, and Governor Du Pont, a former Delaware governor, chose not to take part in the Michigan contest.

Central America waits on Nicaragua

By David Gardner in San Jose, Costa Rica

THE SUMMIT of five Central American presidents, called to decide the fate of the peace plan they agreed last August, opened in an atmosphere thick with mutual recriminations yesterday.

willing to negotiate a ceasefire directly with the US-backed Contra rebels, which they have said they would never do.

Verification Commission - made up of the Contadora Group nations, the UN and the Organisation of American States - to decide this. He then read out its generally positive conclusions on Nicaragua.

US rejects Soviet call on SDI

By Kenneth Gooding, Mining Correspondent

THE US yesterday rejected a Soviet arms proposal calling for compliance with the anti-ballistic missile treaty, saying it was aimed at crippling the American "Star Wars" anti-missile defence project, Reuters reports from Geneva.

He said the offer, in the form of a draft protocol, called for "compliance and non-withdrawal" for a specific period concerning the 1972 anti-ballistic missile treaty.

According to Mr Alfredo Cesar, a senior Contra leader, President Vinicio Cereno of Guatemala is likely to put forward a plan, proposed by Nicaragua's internal opposition parties, for tripartite talks among themselves, the Sandinistas and the Contras, to start in Costa Rica after the summit.

EC probes S Korean plastic film

By William Dawkins in Brussels

TENSE trade relations between the European Community and South Korea yesterday took a sour turn for the worse when Brussels launched an inquiry into alleged underpricing of plastic film exported from the Asian country.

Zinc producers lift price \$30 a tonne

By Kenneth Gooding, Mining Correspondent

MOST OF Western Europe's zinc producers announced yesterday they were immediately increasing the price of the metal from \$860 to \$890 a tonne.

He said later the draft protocol called for a treaty to cut superpower intercontinental nuclear arsenals by 50 per cent.

ordinary brand zinc in November from \$820. Traders suggested yesterday that the latest increase was primarily caused by strong demand from the galvanised steel industry - by far the largest user, which takes about one-third of zinc output.

Argentine troops turn out as rebel leader flees

By Our Buenos Aires Correspondent

ARMY unrest resurfaced in Argentina yesterday as troops loyal to President Raul Alfonsin were involved in a shooting incident following orders to arrest Lt Col Aldo Rico, leader of last Easter's military rebellion.

Rico triggered the Easter rebellion and was expelled from the army, did not say where the shots came from.

Rising consumer spending, as confidence grew in Portugal's new status as a member of the European Community, and persistent monthly rises of more than 18 per cent in clothing prices despite official warnings to manufacturers, made it clear by mid-year that the 3 per cent target was overambitious.

will be far firmer now that the October nightmare has faded, and central banks may even have a chance to cash in some of their recent intervention at a profit.

US economic growth might also be once again. Administration's hopes. Virtually the entire improvement in exports is due to the revival in manufacturing, and the boom looks more and more reliable.



Sean MacBride: Nobel peace prize winner

OBITUARY MacBride, IRA champion of human rights

NOBEL Peace Prize winner Sean MacBride has died at his Dublin home aged 83, his family announced yesterday. Keener reports from Dublin.

Mr MacBride won the prize in 1974 for his human rights work and had the rare distinction of also being awarded the Soviet equivalent, the Lenin Prize in 1977.

Mr Charles Haughey, the Irish Prime Minister, said MacBride had been "a statesman of international status who was listened to with respect all around the world".

He later became a prominent jurist, Irish foreign minister and a leading campaigner for human rights.

From 1974 to 1976, he was United Nations High Commissioner for Namibia (South West Africa), which South Africa rules in defiance of the UN.

He then became chairman of an international commission on communications, which was charged by the Unesco with examining the objectivity and independence of the media.

He attacked what he saw as the excessive influence and power of the rich world's media on international affairs.

In awarding him the Nobel Peace Prize in 1974, the committee praised the Irishman's "efforts to build up and protect world rights all over the world".

Lisbon prices rise at 9.4%

PORTUGAL'S inflation rate last year was 9.4 per cent, slightly above the target of 8 per cent, the National Institute of Statistics said yesterday, writes Diana Smith in Lisbon.

Portugal's inflation rate last year was 9.4 per cent, slightly above the target of 8 per cent, the National Institute of Statistics said yesterday, writes Diana Smith in Lisbon.

Published by the Financial Times (Europe) Ltd, 10, Broad Street, London W1P 9LJ. Telephone: 01-235 3000. Fax: 01-235 3001. Telex: 900000. Cable: FT. Registered in England. No. 2709083. Registered office: 10, Broad Street, London W1P 9LJ. Printed in Great Britain by the Financial Times, 10, Broad Street, London W1P 9LJ.

FINANCIAL TIMES, US\$ No 199648, published daily except Sundays and public holidays. US subscription price: \$350 per annum. Single copies 10c. Second-class postage paid at New York, NY, and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, c/o Worldway Mail Service, Inc., 350 East 57th Street, New York, NY 10022.

PUBLIC NOTICE Major DISPOSAL AUCTION of several hundred exceptionally fine and medium quality, handmade PERSIAN CARPETS and others from the more important weaving centres of the East. Includes many antiques, silk, leather, ronzias and other items not generally to be found on the market.

ARGENTINE TROOPS TURN OUT AS REBEL LEADER FLEES. ARMY unrest resurfaced in Argentina yesterday as troops loyal to President Raul Alfonsin were involved in a shooting incident following orders to arrest Lt Col Aldo Rico, leader of last Easter's military rebellion.

OVERSEAS NEWS

Ex-chief of Hong Kong stock exchange charged

BY DAVID DODWELL IN HONG KONG

MR RONALD LI, the former chairman of Hong Kong's stock exchange, appeared in court yesterday charged with accepting an unlawful advantage from the local subsidiary of the leading Japanese construction company, Kumagai Gumi.

Mr Li, in black suit and red tie, stood expressionless as he was charged under Hong Kong's prevention of bribery ordinance with accepting an advantage - namely a beneficial interest in 1.1m Kumagai Gumi (Hong Kong) shares without lawful authority or reasonable excuse.

The shares, issued in the name of a former member of the general stock exchange committee at the time of the public flotation of Kumagai Gumi's Hong Kong subsidiary in May last year, were allegedly an inducement to show favour to the Kumagai issue.

Mr Li made no plea, and was committed for trial on April 14. Prosecutors for the Independent Commission Against Cor-

ruption, who arrested Mr Li on January 2, said further investigations were underway involving the charge and "other related matters". They said additional charges may be laid before the high court in April.

Mr Li's bail of HK\$10m was extended, and he was asked to place travel documents with the court. He must report to the commission every week.

A total of 32 companies were floated on the Hong Kong stock exchange last year, but Kumagai's flotation in May stood out as one of the most successful. Its offer of 67m shares was more than 200 times oversubscribed. Bidders lucky enough to get shares at the issue price of HK\$2.50 found they were priced almost HK\$4.50 when normal trading began on the stock market.

Many stockbrokers in Hong Kong have complained that new issues on the local market were being priced at artificially low levels, offering huge windfall

gains to those lucky enough to get shares at the issue price.

The 1.1m shares referred to in yesterday's charge were issued to a Mr Zee Kwok Kung at HK\$2.50 a share - the same as the flotation price - but Mr Li is alleged to have been the beneficial owner. Mr Zee is a long-standing associate of Mr Li, sitting alongside him on the stock exchange committee.

Mr Zee was one of the committee members asked to distance themselves from the running of the exchange when Mr Li was arrested with two other stock exchange executives on January 2.

Kumagai Gumi executives were tightlipped yesterday about the charge. In theory they can be charged too, but there have been no indications that government prosecutors intend to do this. The company's share price also remained steady on the news, at just over HK\$3.70.

Sri Lanka bank staff protest

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA'S President Jayewardene, already besieged by terrorism and political violence in six of the island's nine provinces, now faces a challenge from trade unions with employees of four state-owned banks launching a week-long picketing campaign on Monday.

The bank employees' union is threatening a strike if its demand for a pay rise and new terms of employment are not met. The union's secretary, Mr Gani Senewiratne, said yesterday bank employees had been urging a revision since 1979 but the government had not followed up the report of a committee appointed by

Finance Minister Mr Romie de Mel two years ago.

The union says Mr de Mel's budget announces increases for the public service but excluded banks. The minister met the governor of the central bank and the chairman of the four banks yesterday. The chairman of the Bank of Ceylon, the premier state bank, will have talks with the union on Monday.

Meanwhile, Sri Lanka's largest union, the Ceylon Workers Congress (CWC) whose 600,000 members can cripple the vital tea plantation sector, has given the two major state-run corporations, the SPC and the JEDB notice of a general strike in

February. Their demands include a pay hike, an adjustment of allowances in line with the cost of living index, and special allowances tied to production figures.

The CWC is an ally of the ruling UNP and its president, Mr S Thondaman is an important minister in Mr Jayewardene's cabinet. Indian Tamil plantation workers have kept out of the ethnic violence largely because of Mr Thondaman's extraordinary influence over this migrant community. Tamil militant groups, however, have made persistent efforts to infiltrate this economically strategic sector.

N Korea agent admits blowing up jet

SOUTH Korea yesterday threatened "all possible forms of retaliation" against North Korea after a young woman confessed on television she was a communist agent and had blown up an airliner with 115 people on board, Reuters reports from Seoul.

Kim Hyon-hui, 26, said she helped plant the bomb on a Seoul-bound Korean Air Lines jet on the direct orders of Kim Jong-il, son and heir apparent of North Korean leader Kim Il-sung, South Korean intelligence officials said.

One of the goals of the November 29 bombing was to discourage foreign countries from taking part in the Olympic Games in Seoul in September, they said.

The Seoul government placed its 600,000-strong armed forces on full alert and Information Minister Lee Woong-hee said North Korea "can never escape punishment, including corresponding retaliatory measures, for this barbaric terrorist act". Defence Minister Chung Ho-

ng said he had called an emergency meeting of top military commanders to discuss "all possible forms of retaliation against the enemy".

A top South Korean intelligence official said the North Korean agent boarded the doomed plane in Baghdad with a partner. They got off at the plane's next stop in Abu Dhabi.

The aircraft vanished a few hours later over the Andaman Sea near Burma. No bodies have been recovered.

Communists extort \$1m in Philippine election

By Richard Gouty in Manila

PHILIPPINES Communists are cashing in on next week's local elections by extorting money from candidates for safe conduct passes.

The price demanded by the banned Communist Party's umbrella organisation, the National Democratic Front, in Sorsogon province, for instance, is \$12,500 for a candidate for governor, according to Mr Bonifacio Gillego, a Congressman from the region.

In return the NDF issues a pass, printed with its flag and logo, stating that the candidate is "allowed to campaign".

Estimates from Sorsogon suggest the rebels may have raised close to \$1m. A similar picture, with varying prices for the passes, is emerging from other provinces in Luzon, the country's largest island.

Senior military officials have accused the NPA rebels of killing 82 candidates and party helpers since campaigning began for the 160,000 posts up for election on January 18.

Military spokesmen say the NPA has never so systematically squeezed candidates. At least one field general has said he will bring charges against candidates who he can prove to have given the rebels money.

Much of the money is likely to be used to buy guns and ammunition for the 20-year long insurgency. Frequently, these arms are bought through the back doors of military camps from underpaid soldiers.

A senior Communist Party official in Manila confirmed that each region had been left to make alliances with candidates or extort money as local conditions dictated. He suggested that dealings between officials and the NPA continue after the elections, though on a reduced scale.

An unidentified gunman tried to kill the French Ambassador to Manila, Mr Jacques Le Blanc, late on Wednesday in what the French embassy said was a calmly planned ambush.

A gunman fired from close range at Mr Le Blanc's bullet resistant car as he left the embassy.

UK NEWS

Peter Marsh on an attempt to improve controversial drugs Soothing tranquilliser anxieties

FEW PRODUCTS of the drug industry have had a greater impact on Western civilisation in the past two decades than tranquillisers. Medications to soothe the nerves are taken routinely by millions of people worldwide, with annual expenditure on these products running to roughly £1bn.

Tranquillisers, most of which are based on a class of chemicals called benzodiazepines, have also been highly controversial.

Benzodiazepines have several unpleasant side effects, one of which is to cause addiction among many who have taken them for longer than a few months. In Britain alone it is estimated that 1m people are addicted to benzodiazepines.

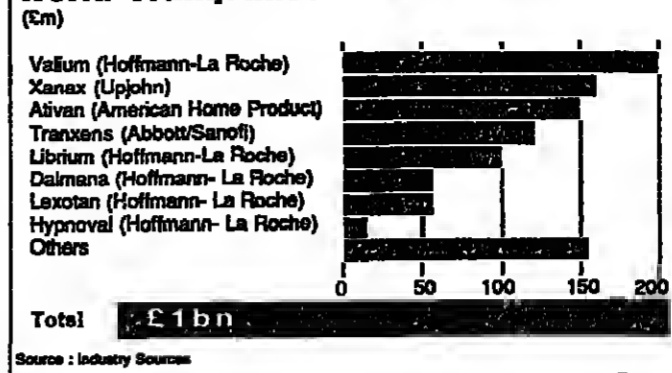
Bristol-Myers, the US pharmaceutical company, hopes to improve the image of the drug with a new type of tranquilliser called Buspar, which is to be formally launched in Britain next week.

Buspar is claimed by its makers, with some support from the wider medical community, to be a much "cleaner" drug than the benzodiazepines, the best known of which are Valium and Librium, both made by F. Hoffmann-La Roche of Switzerland.

Buspar is said not to cause addiction nor to produce other alarming side effects such as drowsiness, incontinence, nightmares, libido changes and hypertension often associated with the benzodiazepines.

As a result, Bristol-Myers hopes for a good reception for the drug in Britain, according to Dr Brian Kane, managing director of the company's UK subsidiary. The medication, which can be obtained only on a doctor's prescription, is

World Tranquilliser Market 1986



already on sale in West Germany, where it was launched in 1985, and in the US, where it became available just over a year ago.

For all the drug's technical merit, sales are unlikely to take off quickly, according to observers in the industry. Although Bristol-Myers will not discuss sales of the drug, they are believed to be running at about \$25m a year, mainly in the US. That is thought to be below the company's expectations.

One marketing problem is related, ironically, to the defects of benzodiazepines. Because of the addictive characteristics of these drugs, doctors find it difficult to switch long-term users to other medications.

A person taking a Valium-type substance feels at least mildly euphoric almost immediately while Buspar takes a week or more to have an effect. It is thought that Buspar may be less acceptable to some patients who crave an instant release from anxiety.

that Buspar should not be hailed as a wonder product. Prof Lader says, however, that the product may give doctors greater flexibility to prescribe tranquillisers for relatively short periods without fear that they may be turning people into addicts.

One of the more bullish views on Buspar comes from Ms Elizabeth Greetham, a drugs industry analyst at Eberstadt Fleming, a New York stockbroker. She believes sales of the drug will take off fairly slowly but reach roughly \$300m a year worldwide by 1992.

Bristol-Myers has started what is regarded as a low-key advertising campaign to promote the drug among doctors in Britain. This is in contrast to the much more aggressive and controversial publicity material the company sent out on the launch of Buspar in the US. This suggested the drug was safe enough to be used by air traffic controllers suffering anxiety yet who needed to stay alert.

The advertisements were quickly withdrawn after Bristol-Myers learned that US air traffic controllers are not allowed to take any kind of medication for fear of falling asleep or suffering other drug-related side effects. Public Citizen, a US health care lobbying group, says that in spite of the withdrawal it wants the US Food and Drug Administration to prosecute the company for misleading advertising.

In the area of price, if nothing else, Buspar will face heavy competition. A week's supply of the drug will cost the health service about \$6 a patient, several hundred times as much as the bill for standard benzodiazepine.

Substitute aerosol chemicals to be tested

BY PETER MARSH

IMPERIAL Chemical Industries and ISC Chemicals, part of the ICI group, are joining forces in a \$4.3m international effort to analyse the safety of a new class of chemicals that might become important in such applications as refrigeration and aerosols.

The chemicals are possible replacements for a group of materials known as chlorofluorocarbons, the use of which is to be progressively reduced after concern about their effects on the earth's ozone layer.

Under an international treaty agreed last year, world consumption of the present generation of chlorofluorocarbons is to be halved by 1998. Production last year of the compounds, which are widely used in insulating materials, as coolants in refrigerators and in aerosols, was about 1m tonnes worldwide, worth roughly \$1bn.

The substances to be examined in the research project, which involves 13 makers of chlorofluorocarbons, have similar characteristics to the exist-

ing generation of products.

The new compounds, known as HCFC-123 and HFC-134A, will probably be more expensive than the existing materials, but they are thought less likely to decompose into other chemicals in the upper atmosphere after they have been released into the air.

The present generation of chlorofluorocarbons has destroyed sections of the ozone layer, which is vital for shielding the earth from harmful ultraviolet radiation.

The companies joining forces

on the project are Du Pont, Allied Signal and Racor of the US, Daikin, Asahi Glass and Showa Denko of Japan, Hoechst and Kali Chemie of West Germany, Akzo of the Netherlands, Atotech of France and Monteflous of Italy.

The individual companies are already working separately on how to produce the chemicals in industrial processes but decided to co-operate in studies to determine whether they are safe to use on the scale of the existing generation of chlorofluorocarbons.

THE BEST OF BRITISH INDUSTRY

THE BRITISH SCIENCE AND TECHNOLOGY EXHIBITION
BRANDS HATCH 22ND - 26TH JUNE 1988

The most ambitious exhibition of science and technology in Britain for many decades. That's SCI-TECH '88. An exhibition with two main aims: to give industry and business the opportunity to show the world the latest advances and products developed, and to offer students and school children an opportunity to see the exciting challenges and careers open to them.

This unique exhibition will enable you to join forces with other well known companies across the spectrum of industry and help ensure the continuity and advancement of British achievement. With the full backing of government departments and recognised commercial bodies, SCI-TECH '88 is THE showcase for British Technology.

Please send me further details on 'SCI-TECH '88'

SCI-TECH '88

NAME _____
 COMPANY _____
 ADDRESS _____
 TELEPHONE _____

Please return to: Sci-Tech '88, Regency Street, London SW1P 4DB Tel: 01-834 6680

UK NEWS

Liberals warn of revolt against union with SDP

BY JOHN HUNT

THERE WERE strong warnings yesterday that the merger between the Liberals and the Social Democrats is in danger of falling and that a growing number of Liberals are turning against the proposal.

The SDP were working on policy outlines to present to today's meeting. Mr Hughes, a unilateralist, warned that any attempt to make "provocative new changes of policy" would risk the success of the merger.

Plea for more scope for charter airlines

By Michael Donne, Aerospace Correspondent

BRITANNIA AIRWAYS, the UK's second largest airline after British Airways, is urging a revision of Government policy to provide charter airlines with better opportunities for development at Gatwick airport.

The airline carried more than 6.5m passengers last year on holiday charter flights out of many UK airports, including Gatwick. It believes the development of UK air transport will suffer if the Government retains its current preference for scheduled flights out of Gatwick.

Tories condemn use of three-line whip

BY TOM LYNCH

THE GOVERNMENT'S unprecedented use of a three-line whip to defeat a Conservative private member's bill was widely condemned from the Conservative benches in the Commons yesterday.



Edward Heath: challenging use of three-line whip



Douglas Hurd: seeking effective legislation



Richard Shephard: "ambitious about trusting Government"

Mr Richard Shephard, the sponsor of the Protection of Official Information Bill - aimed at reforming the official secrets law - attacked Mr's against being "waylaid" by ministerial arguments that only ministers should be involved in discussions on what should replace Section 2 of the 1911 Official Secrets Act, which outlawed all unauthorised disclosures of official information.

Mr Edward Heath, the former Prime Minister, said: "I want to establish firmly the principle that the Government cannot issue a three-line whip on a private member's bill."

Mr Michael Heseltine, the former Defence Secretary, who led backbench support for the Government's plea to defeat the bill, described the whipping tactic as "quite disgraceful. It can do nothing but excite those who see the Government is authoritarian and it can do nothing but stretch the loyalties of the supporters of the Government."

Chemicals production growth rate set to slow

BY PETER MARSH

BRITAIN FACES a slowdown in the rate of growth in chemicals production this year, although output is expected to expand faster than in Western Europe as a whole.

Chemicals output in the UK is likely to increase by 2.25 per cent over the year in volume terms, compared with a growth of 6 per cent in 1987, according to the Chemical Industries Association. Annual production is currently worth about £20bn.

Life business buoyant

BY ERIC SHORT

NEW BUSINESS for the UK life assurance industry continues to be buoyant. Figures issued yesterday by the Association of British Insurers showed total new premiums, both individual and group, for life and pensions business rose in 1987 by a quarter to £12.16bn from £9.78bn in 1986.

reflects the very strong growth in unit-linked single premium business. The three main areas of growth for life company new business last year were endowment mortgages, self-employed pensions and unit-linked life assurance business.

Clothing plants get £1m plan

By Alice Rawsthorn

THE NEW owners of three clothing factories bought from Burton Group last week plan to invest £1m to re-equip them over the next three years, for expansion to overseas markets.

Barristers link for insurance

BY NICK BUNKER

THE 5,800 barristers who practise in England and Wales have become the latest professional group to form a mutual insurance scheme to cover themselves against claims for professional negligence.

Information sector warned

BY TERRY DODSWORTH

BRITISH INFORMATION technology companies suffer from a lack of resources and ought to try to increase their productive capacity and market penetration through more co-operative projects with overseas suppliers.

Machinery maker expands

By Nick Garnett

THE PRIVATELY OWNED Brown construction machinery group has added to its acquisitions with the purchase of the business in Letchworth, a Norwegian machinery maker.

Thatcher to visit Nato HQ

By John Hunt

MRS MARGARET Thatcher, the Prime Minister, is to visit the headquarters of the North Atlantic Treaty Organisation and of the Supreme Allied Commander Europe in Brussels on February 17.

David Fishlock meets the man seeking a storage site for the N-waste nobody wants

Image that handicaps a quest for a home

AS Mr Tom McInerney sees it, his job is simply to find a site in Britain for an underground warehouse for something that has been part of his everyday life for nearly 30 years.

So, too, do communities Nirex has approached as potential repository sites. In 1986, Nirex, appearing all over the Lincolnshire village of Fulbeck. A whispered "Nirex is coming" could whip up a community to ever pitch, he says wryly.

Steel use recovery confirmed

BY NICK GARNETT

THE RECOVERY in steel consumption from the recession of the early 1980s is confirmed by the latest figures from the Department of Trade and Industry.

Pilkington to lift prices for float glass products

BY MARTIN DICKSON

PILKINGTON, the glass manufacturer, yesterday announced that it would raise its prices for float glass products by about 8 per cent in Britain and between 5.5 per cent and 8 per cent in most other European markets.

LRT investment to rise

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

LONDON REGIONAL Transport is considering "radical plans" for a new generation of Underground transport, according to Sir Keith Bright, LRT chairman.

Midlands plant for US concern

BY DAVID THOMAS

DIGITAL MICROWAVE, a California-based maker of telecommunications transmission products, is to build its first European factory in Birmingham.

THF presents £150m plans

By David Churchill

TRISTROUBE FORTE, the hotel and catering group, yesterday announced that it was spending £150m this year on new hotels, restaurants and other developments.

High Court cases ban on MI6 book

A HIGH COURT judge yesterday issued a ban that has stopped the Sunday Times publishing further extracts from the book Inside Intelligence, written by Mr Anthony Cavendish, a former MI6 officer.



Tom McInerney: wide expertise of nuclear industry

Iveco Ford offers deal despite pendulum ruling

BY PHILIP BASSETT, LABOUR EDITOR

IVECO FORD, the only British company to offer a pendulum arbitration award under a strike-free deal...

As part of the job security provisions in a two-year pay offer, which would give increases of 5.25 per cent in each of the two years...

The 13 weeks' cushioning would apply to any of the Langley plant's 1100 employees who are taken off shift work...

Delivery dispute halts Rover production

By John Speck

CAR PRODUCTION at Rover's Longbridge and Cowley plants halted yesterday after a walkout by lorry drivers...

The dispute began among 18 night drivers over whether components should be delivered to Austin Rover plants by road or rail...

Midland Bank personnel director

Mr G. Peter White has been appointed group personnel director at MIDLAND BANK on the board of Peters Office Machines.

Viscount Tenby has joined the WILLIAMS LEA GROUP as public relations consultant and become a non-executive director of William Lea and Co.

Saudi International Bank. Mr Steven McGuire has become assistant general manager responsible for the market group covering all foreign exchange, treasury and the sales activities.

Sir Robert Armstrong, formerly secretary, has been appointed to the board of the ROYAL OPERA HOUSE.

Mr Keith Allen has been appointed a director of ROBERT WALTERS (INTERNATIONAL) based in Brussels.

Mr David Livingstone has been appointed to the board of THE MARKETING ORGANISATION. He is managing director of Motivation Strategy.

Lord Crickhowell has been appointed to the board of ASSOCIATED BRITISH PORTS as a non-executive director.

TOP RANK, the bingo club subsidiary of Rank Organisation, has appointed Mr Ian Ellis to its board as marketing and development director.

JOHN GROWTHIER GROUP has appointed two directors: Sir Derek Palmer, president of Bass and chairman of Yorkshire Television, has been appointed a non-executive director.

ADAMS FOODS has appointed Mr Michael J. Whitaker as sales and marketing director.

Sir William Barlow, chairman of BICC, has been appointed chairman of the ENGINEERING COUNCIL from May 17 for a three-year period.

Mr Frank C. Frost has been named financial director of the SHEFFIELD INSULATING CO. He was treasurer and company secretary.

CONTROL SECURITIES has appointed Mr Edward E. Smith as a non-executive director.

CREDIT LYONNAIS UK has appointed Mr Roland de Malherbe as assistant general manager responsible for financial institutions, syndications, project finance and LBOs.

Mr Peter Simonis has been appointed a non-executive director of CARLESS, CAPEL & LEONARD.

Mr John Eden has joined the PETERS GROUP as service

regional manager Europe with

Mr Trevor Ansary, formerly sales director, becomes sales and marketing director.

BA moves closer to two-year pay deal

BY JOHN SPECK

BRITISH AIRWAYS is moving towards agreement on a fourth successive two-year pay deal for all its employees...

supervisors and from the overseas engineers. A further 23,000 UK employees, including cabin crew, craft workers, pilots, ground service and non-core staff have yet to be agreed.

This year, BA has not made detailed productivity and efficiency demands but is looking for general flexibility so it can adapt quickly to changes in operational requirements.

BA is seeking 'unimpeded' introduction of new aircraft, technology and equipment, as well as more flexible rostering and the implementation of lower 'starter' pay rates for recruits.

CONTRACTS

Rebuilding a board mill

An order worth over £5m has been received by BELOTT WALSLEY of Bolton, Lancs, from Purfleet Board Mills of Essex.

The re-built machine is scheduled to come on stream this October.

Accounting software distributor

A contract worth £15m over five years for the exclusive European distribution of its UNIGEM Unix accounting software has been won by BOFTWARE LABORATORIES of Essex Co, Wicklow, Ireland.

sell the UNIGEM product plus source code to major user corporations, small to medium size computer manufacturers and systems integrators.

BT branch reports strike a ringing tone

A WELL-ATTENDED meeting began by standing in memory of Bro. P. Beechman.

David Brindle on the acerbic 'scribes' who are brightening up union journals

behaviour has destroyed moral caused loyalty to fly out of the window and has led to BT's poor performance in the eyes of the customer.

appears, rarely censored or amended. Thus the regular greetings in Latin from 'Agreeis', the Norwich scribe, pass into print in the form he writes them.

Believe it or not, these are both introductions to branch reports in trading union journals. The first, from the National Union of Mailworkers, is typical of the traditional way many unions still communicate local news to their members.

Writing mostly under pseudonyms, the STE's branch 'scribes' have developed an extraordinary style of their own which has turned the Branch Notes pages of the union's monthly journal, The Review, into a sharp and witty commentary that is required reading for the privatised company's senior executives.

Often, the scribes have no other involvement in the union and are as critical of its leadership as they are of BT. 'This secrecy from the STE executive is inexplicable,' wrote 'Mehercule', of International Central branch. 'Tell us the offer. Discuss with us the problems. Trust us.'

On the other hand, says Mr Glyn, the answer could lie in the character of Mr Leonard. 'He is a union's first general secretary and first editor of The Review. It was, it seems, not unknown for him to attend negotiations dressed in hiking shorts.'

Do-it-yourself ticket machines

Network SouthEast has placed a £3.4m order for 240 Quickfare self-help ticket machines for installation in strategic and accept a £5 and £10 notes locations at many of its busy stations to make it easier to buy a ticket and help reduce queues at ticket windows.

suburban stations while a more versatile unit which covers a wider selection of destinations and accepts £5 and £10 notes as well as coins, will be installed at most London termini and principal suburban stations. Both machines give change.

Bone china for British Airways

ROYAL DOULTON has won an order worth more than £1m from British Airways. The bone china will be supplied by the company's hotelware and air-line division and will be used on British Airways new long-haul business class service introduced in January.

china Royal Doulton already supply to the airline's first class and Concorde services. The Concorde service is also being supplemented by glasses from Royal Doulton Crystal. The pieces to be supplied include cups and saucers, two sizes of plates, bowls, meal dishes and butter chips.

Monitors for world markets

Whitechapel Workstations is to equip all its RISC based HITECH workstations with 20" and 16" CAD/CAE high resolution colour monitors from HITACHI NEW MEDIA PROD-

UCTS. Under an OEM contract expected to top \$2m in the first year Hitachi is to supply its CM2086 monitors with 0.31mm tri-dot pitch 20" CRTs with 1280 x 1024 resolution.

GRANVILLE SPONSORED SECURITIES table with columns for High Low, Company, Price, Change, Dividend, Yield, P/E

Scottish hospital action likely to continue

BY DAVID BRINDLE, LABOUR CORRESPONDENT

HEALTH WORKERS in Scotland look set to continue disruptive action in an attempt to block the belated introduction there of competitive tendering for hospital ancillary services.

deferred by the health boards and is only just beginning. The health boards say tendering should be unnecessary because they have instead achieved savings of at least £12.6m (9.5 per cent of previous costs) through in-house efficiency gains.

Financial Times Guides to Investment and Financial Planning advertisement with book covers and contact information

Nationwide Anglia Floating Rate Notes Due 1996 advertisement with interest rates and agent details

CLASSIFIED ADVERTISEMENT RATES table with columns for Appointment, Commercial and Industrial Property, Residential Property, Business Opportunities, Business For Sale/Wanted, Personal, Motor Cars, Travel, Contracts, Tenders

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BQ
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday January 16 1988

In search of scapegoats

SINCE Christmas the world's markets have been walking obsessively for a single set of US monthly trade figures that they know to be generally misleading and statistically faulty.

The market reaction does not, of course, bear much relation to underlying reality. Nor does the reaction of those commentators whose instantaneous judgement was that the US trade balance had turned the corner.

A deficit of \$13.2 bn does at least indicate that the October figure of \$17.6 bn may have been misleadingly large. Averaging the two months October and November 1987 throws up a deficit of \$15.4 bn, which happens to be virtually the same as the average for July, August and September.

Violent optimism

The question, then, is why the markets should react with such violent optimism to figures that offer so little in the way of a predictive steer.

portfolio flows, the investment managers' three monthly performance surveys are also having an impact. Those who manage long term capital flows seem no more able to take a contrary view of currencies than the bankers who deal on a minute by minute basis.

Short termism of this kind was very much the concern of the Brady Commission's report to President Reagan last week on the events surrounding the market crash on Black Monday. In particular, it singled out programme trading and the use of instruments such as futures and options to hedge investment portfolios for criticism.

A scapegoat

One can sympathise up to a point. Programme trading, with its automatic buying and selling signals, scarcely seems designed to send out sensible price signals to providers and users of capital.

In short, the markets, however volatile, are becoming a scapegoat for policymakers. The reason that investors used to watch money supply numbers so obsessively was that they had seen their portfolios savagely eroded by inflation.

Michael Cassell examines the uncertain future of the merger between the Liberals and the SDP

WHEN Mr David Steel stumbled into a Freudian slip under the arc lights in the Lloyd George Room of the National Liberal Club last Wednesday, the slip seemed to reflect an inner truth.

Tired after a night of merger discussions, demoralised by a day of escalating insurrection in his party, the Liberal leader was commending - as though he had any choice in the matter - a temporary halt to the Alliance party's merger negotiations.

A press conference called in triumph to announce an agreed merger package had become the platform for a public humiliation. Flanked by rebellious MPs wearing fixed smiles, Mr Steel did his best to put a brave face on things. It would be best for everyone, he suggested, if the two parties took a breathing space "for two or three years".

He at once amended the time-scale to two or three days. He would have been forgiven, however, if he had wanted the whole affair put on ice for a great deal longer.

It was Mr Steel himself who had forced the pace in the aftermath of a general election which had promised the Alliance so much and delivered so little. His determination to erase the unhappy election-time memory of two party leaders yoked together in a pantomime horse might now move his party.

After Mr Steel's manning at the hands of his own MPs, the gentlemen of the Press seemed reluctant to intrude on private grief by pressing him on his political future. Most had in any case decided, perhaps just a little prematurely, that his days as party leader were numbered.

Originally, he had been the one anxious to confront the merger issue head-on, a process which opened up an unbridgeable chasm between leading figures of the Social Democratic Party. But then he carried on the necessary negotiations in a mood which ranged from public displays of enthusiasm to private expressions of boredom and contempt.

It was Mr MacLennan, the architect of the SDP constitution, who seemed to be more genuinely enthused by the endless, remarkably good-humoured discussions of the new party's framework and decision-making processes. In joint appearances, the pair of them were impressive, the Liberal leader's lacking.

The plan was that the leaders' policy statement - "the keystone in the arch" - to borrow Mr MacLennan's phrase - would crown the negotiation process. It was seen to be of such importance that its creation would be left exclusively to the two men and their closest advisers. It would then be presented to the special conferences as an integral and inseparable element of the merger package.



The men who went out into the cold

and promptly lost touch with his MPs. Mr MacLennan, in struggling to win over the anti-merger faction within his party, insisted on policies which he should have realised would prove unacceptable to the Liberals. In the event, they were indigestible even to those he was attempting to woo in his own party.

The negotiating team spent months examining everything from federal structures to student organisations. There were walk-outs over the choice of a name. But the central task - that of looking out towards the electorate and deciding what the newly christened Social and Liberal Democrats would stand for - appeared to have been undertaken almost as an afterthought.

Indeed, the self-imposed timetable for the merger agreement meant that the challenge of appealing to voters, rather than placating activists, was never properly tackled.

Advisers were left to draw up the outlines of the leaders' policy document while Mr Steel went on safari. He returned after Christmas to join Mr MacLennan in the task of sealing the package. In their determination to settle the merger, to appear radical and to rally maximum support behind the new SLD, the two men abandoned their political judgement.

essential consumer goods and abolishing mortgage tax relief proved too much for Liberal MPs to stomach; and the document had a similarly hostile reception from the SDP.

Hours after the completion of the constitutional package - which ironically eliminated Mr Steel's long-held veto over policy issues - he found himself on the receiving end of a unanimous veto from his own

MPs. Despite Mr MacLennan's assertions that the two leaders were not about to unsay anything they had already said, a document printed at 3am was consigned to the archives by 6pm.

The two figures who had insisted on drawing up policy alone went off into the cold, handing over the task to a committee. It has until Monday to produce something controversial to win backing. The new party, if there is to be one, will be launched on a compound of earlier policies, drawn heavily from an Alliance manifesto which attracted 23 per cent of the popular vote last June.

Blackpool to decide whether to put it to a ballot of party members. Despite the debacle and the delays, however, both parties report a strong feeling from the grassroots that there can be no turning back. The chances are that both sides - the SDP meets a week later at Sheffield - will vote to set up a new party in March, but it is not a foregone conclusion. Things are most uncertain.

The task of deciding what the new party would stand for appeared to be an afterthought

on the Liberal side. The package must win a two-thirds majority at Blackpool, and a "No to Merger" campaign is apparently attracting rising support. The result of the vote next Sunday lunchtime is therefore uncertain. If the proposal fails, the package will unravel and confusion and recriminations will tumble out.

Even if all goes well over the next two weeks, the events of the past few days will have a profound impact on the leading characters, the new party and the shape of British politics for a long time to come. The consensus among MPs this weekend is that, irrespective of the outcome of the merger process, the political

the SLD is planned for the autumn. An announcement that Mr Steel does not intend to stand would fire the starting gun for all the alternative candidates.

Mr Alan Beth, the Liberal deputy leader, may have wrecked his chances by helping to draw up the outlines of the ill-fated policy document and through his attempts this week to distance himself from the disaster. Mr Paddy Ash-down, the Liberal MP for Yeovil, whose silence this week has spoken volumes, could soon emerge as the favourite.

As for the SDP, more of its leading figures seem likely to follow the example of Mr Bill Rodgers, who has left to run the Royal Institution of British Architects. The wave of disenchantment could also spread to the grassroots, where some impressive prospective parliamentary candidates may just feel they have had enough.

The new party's leader will face a difficult task in trying to give it a well defined place in the political spectrum. He or she will probably inherit a party which boasts an SDP constitution, but still leans heavily on the Liberals for its community-based political favour.

David Owen, the former SDP leader, did well this week to contain his innermost feelings about the plight of his former colleagues. He clearly feels, however, that their chickens have come home to roost.

With his Campaign for Social Democracy already attracting 15,000 members and a scale of financial backing that is the envy of his former partners, Dr Owen has firm foundations on which to rebuild his support. No opportunity will be spared to recruit sympathisers at Sheffield.

This week, he said his task in 1988 would be to rebuild the self-confidence, pride and electoral effectiveness of Social Democrats. His rehabilitation as the leading figure of the centre ground of British politics could also be part of his plans.

Even if supporters do rush to his side, things will still not be easy for him. The damage to the centre is, for the time being, incalculable. The wound could be deep enough to emasculate any political third force, whatever shape it assumes, for a long time to come. As he has warned, the task of mounting a credible opposition to Mrs Thatcher may have been seriously undermined.

If the merger goes ahead, the SLD will face its first real test at the May local elections. It will go to the polls with a policy approach wide open to varying interpretations at ward level and with its leadership uncertain. Its representatives will be desperately anxious to concentrate on the future, rather than to acknowledge the recent past.

"Voices and Choices for All", the two leaders' instantly perishable proclamation, says that the proposed political union intends to "catch the side of history". Doubters from either side would be forgiven for fearing that it might just have gone out without them.

THE SUDDEN departure of two senior directors after a rift over strategy on Wednesday night caps a bad year at County NatWest, the investment banking arm of the NatWest group. The news came on top of County's admission just before Christmas that it had lost £60m in the October market crash, which also forced it to dismiss three people involved in a scandal in its options department.

All this has been highly embarrassing not just for County NatWest, but also for its parent, the UK's largest clearing bank. "It's been a difficult year," admitted Mr Charles Villiers, the chairman, as fog swirled round the upper storeys of the County Tower close to the Stock Exchange yesterday. "But we hope we can get all that behind us now."

These unhappy events could have been blamed on bad luck and the usual City ups and downs, were it not that County has also had to admit to deeper problems in its strategy.

In recent months it has become obvious that County made a false start in the 1986 Big Bang which has left it behind in the investment banking race. So County is racing to catch up, through the forthcoming acquisition of Wood Mackenzie, a leading stockbroking firm. But that too is causing strains as the two operations are merged.

County's predicament is a vivid illustration of the need for clear strategic thinking and successful "people chemistry" in the volatile business of high finance - neither of which County got right, Mr Villiers concedes.

The problems of County NatWest



Parting company: Mr Charles Villiers, chairman of County NatWest, and (right) Mr Brian Winterlood. Mr Winterlood has resigned as a director after refusing to accept reorganisation plans.

Trying to march with the big battalions

By David Lascelles

clays (which spent £125m creating BZW) it bought a medium-sized broker, Field Newsen-Smith, and a small odd-job, Blagood Bishop, for a total of less than £30m. It reckoned that it could build on this foundation.

research brokers, will strengthen County's equity business and give it a bigger share of the market in UK blue chip stocks, where it has been weak.

a reverse takeover of County. Mr Villiers agrees that County wanted to get in new management to run its equities business, but at the trading level "it is a merger of equals".

have been made good by a capital injection of £80m from its parent.

The company's senior executives took a voluntary 20 per cent pay cut, and 100 of the most highly paid staff have had their salaries cut as well. Whether any bonuses will be paid for 1987 will be decided in April, says Mr Jonathan Cohen, the chief executive. So far, 20 people have been laid off, but more may go in the months ahead. The job losses will reflect, in part, rationalisation after the Wood Mackenzie merger - a fact which has added to poor morale at County.

Despite all these measures, County will still make a loss of £60m-£80m this year, according to City analysts, and heavy development costs are planned for this year. It will probably end up in the red for 1988 as well.

However NatWest, the parent, has gone to some lengths to reassert its commitment to County and a spokesman said yesterday that investment banking remained a key part of NatWest's global strategy.

The equity business is only one part of County's operations, which encompass capital markets, fund management and merchant banking. And ironically, County is doing much better abroad than in the UK.

CAP The Systems Company Strong Growth Sustained Interim Results (Unaudited) Table with columns for 6 months ended 31 October 1987, 6 months ended 31 October 1988, and 12 months ended 30 April 1987. Rows include Turnover, Profit on Ordinary Activities before Taxation, Taxation on profit on ordinary activities, Profit on Ordinary Activities after Taxation, Dividends proposed, Retained Profit for the Period, Earnings per Ordinary share, and Dividend. Includes text about interim dividend and Chairman's report.

Man in the News: Lord Young

An evangelist for capitalism

By Peter Riddell

"GOVERNMENT programmes are like cornflakes. If they are not marketed, they will not sell." With that characteristic flourish, Lord Young, the Trade and Industry Secretary, this week launched a £5m television and press advertising campaign to promote the services of the reorganised DTI.

Lord Young is as much an evangelist as a politician - a salesman for capitalism. Sean Smiles, the proprietor of self-help, would have been proud of him. He is the epitome of the successful businessman - dapper, smooth, at times somewhat glib, a doer who believes he knows what needs to be done.

When interviewing him, the flow of genial persuasiveness is such that it is sometimes difficult to get to grips with the substance. He speaks like a marketing man rather than a conventional minister. Last October, he set out a series of policy objectives for the DTI, which he compares, bizarrely, to Mein Kampf - "no one can say they did not know what was coming".

Lord Young talks a lot about changing attitudes, encouraging, for example, some 250,000 managers and decision takers in industry to become more entrepreneurial and self-reliant. In just the same way, when he was at the Department of Employment, he sought to alter the approach of people who were unemployed. Even his own DTI civil servants have to be re-educated through a massive course training, he describes his department as a service company.

Like a chief executive brought in to shake-up a sleepy business, he sets targets, encourages his people and industries to pursue extensive marketing campaigns. Short-term results improve, yet has anything fundamental changed? Beneath the gloss, Lord Young has solid achievements to his credit. When he was chairman of the Manpower Services Commission, from 1982 to 1984, there was a greater emphasis on training and the creation of jobs in service industries and small firms. He built up the Youth Training Scheme and expanded other programmes.

As a result, he was brought straight into the Cabinet in September 1984 with a brief to cut official red tape and promote enterprise. Through- out he showed energy and a marketing flair, producing a succession of initiatives. Whether or not his actions were responsible for the unemployment figures fell.

Lord Young is trying for a repeat performance at the DTI. He recalls his previous period at the same ministry in "the difficult days" from 1979 to 1982, when he served as an industrial and special adviser. His first impression when he returned in June was that, "while the outside world had changed tremendously, the department had not".



EXACTLY one year ago next Wednesday, Mr. Terry Anderson left his West Beirut hotel for a meeting, bade farewell to his Druze bodyguards and slipped out of sight. Within 10 days, it was clear that Mr. Waite, the Archbishop of Canterbury's special envoy working for the release of Westerners kidnapped in the Lebanese capital, had himself become another hostage.

Two Frenchmen and two West Germans were seized in January, followed by Mr. Charles Glass, the American journalist. The year ended with four of them - Mr. Glass, Frenchman Mr. Roger Anquet and Mr. Jean-Louis Normandin, and Mr. Alfred Schmidt, a German businessman - free.

For some of the estimated 24 people remaining in captivity, there is more than a whiff of gloom and despair. Among the Western governments, confronted daily with the hostage issue, there is bad blood and confusion. To British officials at least, hopes of a solid international front against accommodating kidnappers or states which sponsor them in this case have seem more remote than ever. Given Britain's adamant refusal to involve itself in the "hostage bazaar", so do the chances of release of either of the two British hostages still believed to be alive, Mr. Waite and the journalist Mr. John McCarthy.

Authorities let out an Iranian embassy translator who wanted to question Paris has consistently contested efforts to present this as a "hostage deal", and Britain accepts its assurances that no ransom was paid. But there was an obvious political price for the release of Messrs Anquet and Normandin. France has repaid the first tranche on a \$1bn loan which it received from Iran under the Shah; it expelled a number of Iranian exiles working for the opposition Mujahedin e Khalq movement (though it was forced to readmit seven of them this week after they had been on bungee-jump for several weeks in Gabon); it has resumed efforts to normalise relations with Iran, whilst insisting that this process cannot be complete until all French hostages are released.

The French position is not as perfidious and inconsistent as it is sometimes portrayed in Britain. Ever since coming to power in 1985, Mr. Chirac has argued that there is a distinction between treating directly with hostage-takers, which is plainly unacceptable, and dealing with other states, which requires compromise and consideration of a whole range of interests.

This argument cuts little ice with British officials, who insist that the close identification of Iran with the hostage-taking renders such a distinction meaningless. The recent moves have fostered something akin to despair in Whitehall. "The climate has deteriorated as a result of the French and German deals," said one observer. "Countries have been perceived as prepared to deal with Iran to secure the release of hostages. By definition, that makes life more difficult for those who are not prepared to deal."

Events over the last few months have also reinforced the lively cynicism in Beirut about Western attitudes. The US, France and West Germany have given into blackmail and they have all paid a price to get their hostages out," observed a senior Muslim militia official, who is usually authoritative on the intricacies of hostage-taking in Lebanon. "They have all been negotiating, and the declared policy of not dealing with kidnap groups has turned out to be a joke."

But in contrast to its European partners, the British Government would appear to be under virtually no pressure to reconsider its opposition to dealing with Iran or the hostage-takers. Before Mr. Waite disappeared, he explicitly ruled out any deals being struck on his behalf. He himself remains a special case. Rightly or wrongly, the kidnappers are believed to see a suspicious link between his hostage missions and the aborted efforts of Col. Oliver North. It is also thought that they hold him personally responsible for failing to deliver on a promise to secure the release of 17 Shi'ite prisoners held in Kuwaiti jails for acts of subversion in the Gulf emirate. Whatever the position of the British Government, Mr. Waite remains the most prestigious prisoner in Lebanon. His captors seem likely to hold out for the best possible price for him.

Hostages to more than ill-starred fortune

Technical analysis helps

From Mr. Jack Duffies. Sir, When a journalist of the calibre and experience of Clive Wolman starts decrying in your column (January 7) the forecasting of the level of markets by investment managers and analysts, he should not be dismissive of those who use technical analysis. There must be quite a few fund managers and others who use charts to assist them in formulating their views and making projections. Consistently, technical analysis has been proved to give above-average results in forecasting the level of this index - and well before the end of 1988.

Letters to the Editor

market value of an asset and its income-producing potential are unrelated. In fact, the market value of an asset is an assessment, on a given day, of the asset's income-producing potential. One has only to read company reports by market analysts to see the extent of the research into quoted companies' expected future earnings pattern. What happened last October was that the market as a whole reassessed its view of this future earnings potential. Investors responded to this reassessment, and became net sellers, causing market values to fall.

Problems if a fund is barely solvent

From Mr. S.T. Pressnell. Sir, Having read Eric Short's article "Pensions: The Set Back," (January 5), I am a little concerned that many readers may worry unnecessarily. Advice given to trustees about the financial state of their pension funds is usually based on actuarial methods and assumptions which involve long term projections of income and outgo. In particular, the value placed on a scheme's assets depends on assumed future dividends, and so is generally unaffected by short term movements in market values.

Pension funds and dividend growth

From Mr. Robert A. Bourne. Sir, Both Mr. Thornton and Mr. Wynne-Griffith (Letters, January 9) make the point that the real rate of growth of dividends at 12.6 per cent a year compound over the past six years has been considerably in excess of price increases of 4.3 per cent and pay increases of 7.8 per cent a year. So may I ask a year leading firms of actuaries only appear to allow a 4 per cent nominal growth of dividends in their actuarial valuations, and why, therefore, there remains a useful hidden asset in pension funds?

All City creatures great and small

From Miss J.M. Pick. Sir, Stephen Cockburn (January 11) lists Sir Kenneth Berkeley's City experience, and suggests that he is a good case of poacher turned gamekeeper. But City game has become increasingly susceptible to forms of infectious pestilence spread by high technology. These arrived at a time which found Sir Kenneth too old to master the epidemiology and become a prolific vet.

Holidays depend on a degree of prudence

From Mr. Colin Heddervick. Sir, While I agree with Mr. Thornton's view (Letters, January 9) that the poor real investment return on market value of pension plan assets in 1987 does not automatically affect a company's ability to take a contribution holiday, I would like to see his reasoning at that conclusion. He appears to believe that the

It is fund managers who must take the blame for the losses

when the turn comes. Unfortunately, circumstances can conspire to make the turn apparent to everyone in the world at almost the same moment, resulting in a market which buyers overwhelm sellers, or vice versa. Thus the UK's hurricane of October 16 combined with a sliding New York market between October 13-16 to ensure that the London stock market was dominated by sellers on October 19 - taking the FTSE 100 down 269 points (11.7 per cent) even before New York opened to the news of fresh trouble in the Gulf. Similarly, last week's surprise appearance of the world's central banks buying dollars was also not a change in fundamentals, but certainly provided at least a temporary realisation that the dollar was not an automatic sale, as it rose more than 7 per cent in three days. Why did so few fund managers sit back last summer and switch from equities to gilts (which then yielded more than three times as much, with real returns of over 6 per cent)? Why did they generally fall to

conclude (before the central banks) that a dollar which had halved in value over the last 33 months (including a 17 per cent fall in the last five months of 1987) was beginning to look a little cheap, especially when the US trade volume data suggest that the next few months will see big improvements in the nominal trade deficit?

to blame the widespread use of stock index futures for portfolio insurance which exacerbates the extent to which the markets can move in one direction without a major reversal. It is wrong to expect markets to be "liquid" enough to enable investors to escape the consequences of investment decisions which were not fundamentally sound.

must think before leaping on to passing handwagons. Allocating assets on the basis of fundamentals can be extremely rewarding: one dollar-based fund manager of my acquaintance showed gains on a half equity/half bond fund of 62.2 per cent in 1986, and a further 18.6 per cent return in 1987 (a compound return of 22 per cent a year even in sterling terms). The more people invest on this basis, the more quickly the global markets will find solid support and rebuild confidence.

ADVERTISMENT

Table with columns: Product, Annual rate net, Net CAR, Interest paid, Minimum, Access and other details. Includes entries for Abbey National, Aid to Thrift, Alliance and Leicester, etc.

Building Society Investment Terms

Table with columns: Product, Annual rate net, Net CAR, Interest paid, Minimum, Access and other details. Includes entries for Abbey National, Aid to Thrift, Alliance and Leicester, etc.

Prudential Pension Fund Services

Prudential Pension Fund Services, Abbey Gardens, 55 King's Road, Reading, Berkshire. Contact details for various services.

Prudential Pension Fund Services

Prudential Pension Fund Services, Abbey Gardens, 55 King's Road, Reading, Berkshire. Contact details for various services.

Prudential Pension Fund Services

Prudential Pension Fund Services, Abbey Gardens, 55 King's Road, Reading, Berkshire. Contact details for various services.

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: REGIONAL AND NATIONAL MARKETS, THURSDAY JANUARY 14 1988, WEDNESDAY JANUARY 13 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, North America, Euro-Europe, World Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. Japan, World Ex. Asia, World Index.

Base value Dec 31, 1985 = 100.00. Source: The Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd. 1987. Latest prices were available for this edition.

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday January 15 1988, Highs and Lows Index. Rows include CAPITAL GOODS, Building Materials, Contracting, Electronics, Mechanical Engineering, Metal and Metal Finishing, Motors, Other Industrial Materials, CONSUMER GOODS, Breweries and Distillers, Food Manufacturing, Food Retailing, Health and Personal Products, Leisure, Packaging and Paper, Publishing and Printing, Stores, Textiles, OTHER SERVICES, Chemicals, Conglomerates, Shipping and Transport, Telephone Networks, Agencies, OTHER INDUSTRIAL GROUPS, Oil & Gas, FINANCIAL INDEX, Banks, Insurance (Life), Insurance (Compensation), Insurance (Pensions), Merchant Banks, Property, Other Financial, Investment Trusts, Overseas Traders, ALL-SHARE INDEX.

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS. Rows include PRICE SPREADS, British Government, 1-5 years, 5-15 years, 15+ years, Irredeemables, All Stocks, Index-linked, 5 years, 10 years, 15 years, 20 years, 25 years, 30 years, 35 years, 40 years, 45 years, 50 years, 55 years, 60 years, 65 years, 70 years, 75 years, 80 years, 85 years, 90 years, 95 years, 100 years.

Table with columns: Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, page 150, by post 32p.

ECONOMIC DIARY

TOMORROW: National Savings monthly progress report (December). WEDNESDAY: Provisional estimates of monetary aggregates (December). Index of production and construction for Wales (third quarter). Leaders of five-continent peace initiative meet in Brussels (until January 22). Royal Institute of Chartered Surveyors makes statement on inner cities initiative. Mr. Diego Cordovez, UN mediator, arrives in Islamabad for next stage of shuttle negotiations for Afghan peace settlement. THURSDAY: London and Scottish banks monthly statement (December). Preliminary estimate of consumers' expenditure (fourth quarter provisional). CBI budget suggestions. Institute of Personnel Management holds conference "Preparing to win at an industrial tribunal" at Rembrandt Hotel, London. FRIDAY: NUM holds presidential pitchball hold. Advertising Association makes statement on evidence given to ministerial group on alcohol abuse. Mr. Jacques Chirac, French Prime Minister, makes television address in which he is expected to announce he is running for president.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table with columns: Stock, Volume, Stock, Volume, Stock, Volume. Rows include ASA, BHP, British Airways, British Telecom, British Petroleum, British Steel, British Sugar, British Waterways, British Airways, British Telecom, British Petroleum, British Steel, British Sugar, British Waterways, British Airways, British Telecom, British Petroleum, British Steel, British Sugar, British Waterways.

Financial Times Newsletters - vital news, analysis, predictions and inside information simply unavailable elsewhere. Includes sections: INSIDE INFORMATION AND PROFIT OPPORTUNITIES, reporting style is balanced and impartial, concentrating on hard fact rather than pure rumour. You are always covered by our Money-Back Guarantee. So you are free to cancel your subscription whenever you choose and receive a refund on all unmailed issues. FREE TRIAL OFFER - UP TO FOUR TITLES. In order to prove how useful FT Newsletters will be to you, we will be pleased to send you four trial issues of your choice. You will bear no cost and be under no obligation. Why not send for your free trial issues now, while it's fresh in your mind?

Financial Times newsletters categorized by industry: BANKING AND FINANCE, ENERGY, INTERNATIONAL TRADE, NEW TECHNOLOGY, INSURANCE AND PROFESSIONAL. Each category lists specific newsletters like 'FT Financial Regulation Report', 'International Coal Report', 'Country-by-country guides', 'Telemarkets', 'World Insurance Report'.

Send now for free trial issues of the newsletters which most interest you... YES, please send me a FREE sample copy of each of the newsletters I have marked, up to a total of four, along with subscription details. I understand that I am under no obligation to take out a subscription. NAME, ADDRESS, POSTCODE, COUNTRY, TEL.

INTERNATIONAL COMPANIES AND FINANCE

Paris brokers' activities earn bourse reprimand

BY GEORGE GRAHAM IN PARIS

THE FRENCH stock market authorities have shown their teeth by severely reprimanding two Paris stockbrokers for dealing to their own advantage.

But the condemnation has aroused a bitter reaction from the two accused stockbroking firms, Boscher and Puget, and serious questions over the adequacy of the French Stock Exchange's rules governing brokers dealing on their own account.

Credit du Nord cuts more jobs

BY OUR PARIS STAFF

CREDIT DU NORD, the loss-making commercial banking subsidiary of the recently privatised Paribas group, is expected to announce another round of radical job cuts in an effort to return to profitability.

After losing FF458m (\$82.9m) in 1986 the bank had hoped to move back into the black this year but the results of the restructuring have so far proved disappointing.

Spanish bank plans Pta15bn capital increase

BANCO DE CATALANA, one of the most prominent casualties of Spain's banking crisis at the beginning of the decade and now restored to health, is to double its capital through a Pta15bn (\$134.7m) increase. It will then offer 15 per cent of its equity on the Barcelona Stock Exchange, Tom Burns writes from Madrid.

European Commission delays Fokker rescue

BY LAURA RAUN IN AMSTERDAM

A DUTCH Government's rescue plan for Fokker, the aeroplane maker which on Thursday announced plans to scrap 17 per cent of its workforce, is being held up by the European Commission.

Cerus buys into French financial institution

By Paul Betts in Paris

CERUS, the French holding company of Mr Carlo De Benedetti, is expected to announce next week the acquisition of a large minority shareholding in Dumenil-Leblé, the high-flying French financial institution.

Brierley raises stake in Peko

BY CHRIS SHERWELL IN SYDNEY

SIR RON BRIERLEY'S Industrial Equity (IEL) has completed North Broken Hill's A\$970m (US\$692.8m) mining takeover of Peko-Waldens by lifting its stake in Peko from 10.9 per cent to 15.9 per cent.

Cerus buys into French financial institution

Cerus refused yesterday to comment on reports that it was planning to acquire a 20 per cent stake in Pearson, a diversified group whose interests include the Financial Times, the Australian-born newspaper magazine, Cerus also indicated the time that it was planning a new strategic acquisition.

Push for Chloride Eastern placing

BY JOHN ELLIOTT IN NEW DELHI

MERRILL LYNCH and Citibank of the US are urgently trying to raise up to \$10m (\$18.2m) in private placements for a Singapore-based company set up three months ago to facilitate a partial takeover by the Indian Birla family of the Indian and Chinese interests of Chloride of the UK.

Fletcher and Elders in NZFP deal

BY DAI HAYWARD IN WELLINGTON

A FOUR-YEAR legal and stock market battle for control of New Zealand Forest Products (NZFP) - once the country's largest company - appeared yesterday with a deal between Fletcher Challenge, the new market leader, and Elders IXL, Mr John Elliott's Australian agri-industrial group.

CSR WINS BATTLE FOR TIMBER COMPANIES

AN INCREASED offer has finally given control of two related Australian timber companies to CSR after a protracted and sometimes bitter battle, writes Chris Sherwell in Sydney.

existing medium density fibre-board manufacturing division. Mr Bob Gunn, NZFP chairman, said Fletcher would also drop its bid for the company. The legal action was initiated after Elders IXL announced it had acquired 53 per cent of the financially troubled Rada, which owns 44 per cent of NZFP.

At the same time, NZFP was set to merge with Elders Resources. Elders acquired its 63 per cent holding in Rada for a nominal NZ\$1.

Manny Hanny announces \$117m charge

By Anatole Kalatsky in New York

MANUFACTURERS HANOVER, the large New York bank which has been suffering from its high exposure to the Latin American debt crisis, is to make drastic cutbacks in many of its business areas which will result in a \$117m restructuring charge against its fourth-quarter profits and 2,500 redundancies - about 8 per cent of the bank's workforce.

Icahn boosts Texaco holding

By Our New York Staff

MR CARL ICAHN, the New York takeover specialist who is the largest shareholder in Texaco, said yesterday that he had boosted his stake in the bankrupt oil company from 12.3 to 13.3 per cent.

Spanish bank plans Pta15bn capital increase

BANCO DE CATALANA, one of the most prominent casualties of Spain's banking crisis at the beginning of the decade and now restored to health, is to double its capital through a Pta15bn (\$134.7m) increase. It will then offer 15 per cent of its equity on the Barcelona Stock Exchange, Tom Burns writes from Madrid.

European Commission delays Fokker rescue

A DUTCH Government's rescue plan for Fokker, the aeroplane maker which on Thursday announced plans to scrap 17 per cent of its workforce, is being held up by the European Commission.

After the \$117m charge, Manufacturers Hanover made a net profit of \$22.7m or 18 cents a share in the fourth quarter. This compared with earnings of \$76.4m or \$1.67 a share in the same 1986 quarter.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA PRICES rallied yesterday on the London futures market in response to weaker sterling against the dollar and rising hopes of a successful outcome to International Cocoa Organisation talks on the resumption of buffer stock price support.

Table with columns: Commodity, Close, Previous, High/Low. Includes COCOA, COFFEE, RUBBER, and various oil products.

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE, SOYABEAN MEAL, and various metals.

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON BULLION MARKET, SILVER, and various bullion products.

Table with columns: Commodity, Close, Previous, High/Low. Includes US TRADE FIGURES, NEW YORK, and various market indicators.

Table with columns: Commodity, Close, Previous, High/Low. Includes CHICAGO, SOYABEAN OIL, and various agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes WHEAT, LIVE CATTLE, and various livestock products.

Table with columns: Commodity, Close, Previous, High/Low. Includes WHEAT, LIVE CATTLE, and various livestock products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various oil products, metals, and agricultural goods.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

Table with columns: Commodity, Close, Previous, High/Low. Includes various metals, bullion, and agricultural products.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

Wall Street

Dow calms down after rapid rise

The urgency of buying which had propelled the market sharply higher in the morning relaxed in the afternoon...

Canada

Toronto stocks moved higher in concert with gains on Wall Street as a rising oil, industrial and metals pulled the market ahead...

Australia

The Australian share market rose at the close as solid interest in special situation stocks underpinned demand...

Hong Kong

Share prices closed slightly firmer in featureless trading, marked by the lowest turnover since May last year...

Frankfurt

A nervous but thin bourse ended with lower share prices - but not as low as the day's worst levels...

Singapore

Quiet trading saw firmer share prices, with late profit-taking well absorbed...

Madrid

Madrid shares closed mostly higher, with strong gains among banks in an otherwise steady trading session...

Milan

Position-squaring linked to yesterday's expiry of the monthly bourse account period led to share prices closing slightly higher...

Brussels

Brussels was dominated by record demand for BSN, the holding of Societe Generale de Belgique, which closed seven per cent higher...

CANADA (3 pm)

Table of Canadian stock market data including various stock prices and indices.

FRANCE

Table of French stock market data including various stock prices and indices.

GERMANY (continued)

Table of German stock market data including various stock prices and indices.

NETHERLANDS (continued)

Table of Dutch stock market data including various stock prices and indices.

GERMANY (continued)

Table of German stock market data including various stock prices and indices.

NETHERLANDS (continued)

Table of Dutch stock market data including various stock prices and indices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various individual stock prices.

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Trade figures boost dollar

A SHARP contraction in the US trade deficit drove the dollar...

extent of the D-mark's relatively lacklustre performance...

the dollar's upturn was equally punishing on other currencies...

STERLING IN NEW YORK

Table with columns for Bid, Ask, and various rates for Sterling in New York.

CURRENCY RATES

Table showing currency rates for various countries including Sterling, Deutsche Mark, and others.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies like Sterling, Deutsche Mark, etc.

OTHER CURRENCIES

Table listing other currencies such as the Australian Dollar, Canadian Dollar, etc.

MONEY MARKETS

UK rates slightly higher

UK INTEREST rates started to move higher in London yesterday...

£1.300m before taking into account the early help...

£82m of eligible bank bills in band 3 and £189m in band 4...

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing money rates for New York, London, and other locations.

LONDON MONEY RATES

Table showing London money rates for various currencies.

LONDON STOCK EXCHANGE

Equities strong on US trade figures

Account Dealing Dates: First Dealings, Last Dealings, Account Day.

THE ANNOUNCEMENT of a sharp fall in the US trade deficit in November sent a wave of relief through the London securities markets...

These houses took a beating when other market firms, both London and US-based, flooded the screens with aggressive buying orders...

British Gas took over from BP and Britoil as the most active issue in an oil and gas sector brimming over with news and rumours.

FINANCIAL TIMES STOCK INDICES table with columns for Government Sec, Fixed Interest, Ordinary V, Gold Shares, etc.

At the close, the FT-SE 100 index was 433.9 up at 1786.7...

At the close, the FT-SE 100 index was 433.9 up at 1786.7. The medium and longer dates quickly brushed over the opening and moved ahead on expectations of a low PSBR next year.

When the dust settled in the City, the market professionals quickly brushed over the opening and moved ahead on expectations of a low PSBR next year.

British Gas took over from BP and Britoil as the most active issue in an oil and gas sector brimming over with news and rumours.

LONDON TRADED OPTIONS

Large table showing London Traded Options with columns for Option, Calls, Puts, and various dates.

14 at 293p and Rugby firmed 5 to 243p. Marley continued to perform and closed 5 up at 142p...

A smart recovery in the US dollar sparked support for ICI which closed 1/2 up at 111 1/2...

Trusthouse Forte attracted good support ahead of next Monday's preliminary statement...

Elsewhere, renewed support was forthcoming for Wellcome, 10 to the good at 395p...

Financial sectors performed exceptionally well after the US economic news. The last thing the clearers wanted to do was to have insurance groups needed after the ravaging in October...

Traded option activity expanded and contracts totalled 4510 comprising 26,731 calls and 15,749 puts.

Financial sectors performed exceptionally well after the US economic news. The last thing the clearers wanted to do was to have insurance groups needed after the ravaging in October...

Traded option activity expanded and contracts totalled 4510 comprising 26,731 calls and 15,749 puts.

Financial sectors performed exceptionally well after the US economic news. The last thing the clearers wanted to do was to have insurance groups needed after the ravaging in October...

NEW HIGHS AND LOWS FOR 1987/88

Table showing new highs and lows for 1987/88 for various companies.

LONDON STOCK EXCHANGE

DEALINGS

Details of indices close below have been taken with certain firms that Thursday Stock Exchange Official List and should not be reproduced without the permission of the Stock Exchange.

Corporation and Country Stocks

Corp of London 100% 1987-88 229 (13.68)
Country of Origin 100% 1987-88 229 (13.68)

UK Public Boards

Application Mortgage Corp PLC 4.5% Deb 1987-88 229 (13.68)
British Telecom PLC 100% 1987-88 229 (13.68)

Commonwealth-Government

South Australia 100% 1987-88 229 (13.68)
New Zealand 100% 1987-88 229 (13.68)

Foreign Stocks, Bonds, etc

USA 100% 1987-88 229 (13.68)
Japan 100% 1987-88 229 (13.68)

Breweries and Distillers

Allied-Lion PLC 100% 1987-88 229 (13.68)
Tate & Lyle PLC 100% 1987-88 229 (13.68)

Registered Housing Associations

North Housing Association Ltd 200% 1987-88 229 (13.68)
East of London Housing Association Ltd 200% 1987-88 229 (13.68)

Commercial, Industrial, etc

AGC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

Sterling Issues by Overseas Borrowers

Asian Development Bank 100% 1987-88 229 (13.68)
World Bank 100% 1987-88 229 (13.68)

Banks and Discount Companies

Bank of India 100% 1987-88 229 (13.68)
Bank of China 100% 1987-88 229 (13.68)

Custom-Pan International Ltd 7.5% 2nd Deb 1987-88 229 (13.68)
Overseas Chinese Bank Ltd 100% 1987-88 229 (13.68)

British Telecom PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Telecom PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Telecom PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

British Airways PLC 100% 1987-88 229 (13.68)
British Airways PLC 100% 1987-88 229 (13.68)

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Feb 88, May 88, Aug 88, and Stock prices. Includes sub-sections for Jan 88, Feb 88, and Mar 88.

BASE LENDING RATES

Table listing various banks and their base lending rates for different currencies and terms.

RISES AND FALLS

Table showing percentage changes in various market indices and sectors.

LEADERS AND LAGGARDS

Table listing top performing and underperforming stocks and sectors.

BANK RETURN

Table showing banking department assets and liabilities, and issue department details.

Advertisement for 'The Sixth FT City Seminar' at Plaisterers Hall, City of London, 11, 12 & 15 February, 1988.

AUTHORISED UNIT TRUSTS

Large table listing numerous authorized unit trusts, their managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

INSURANCES

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Table listing various unit trusts including: British American Unit Trusts, British American Income Fund, British American Growth Fund, etc. Columns include fund name, currency, and price.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

MANAGEMENT SERVICES

Table listing management services including 'The Analyst Group PLC', 'Advisory Services Ltd', and 'Advisory Services Ltd'.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas services including 'The Analyst Group PLC', 'Advisory Services Ltd', and 'Advisory Services Ltd'.

Table listing various unit trusts under the heading 'Prudential Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various funds, including British Funds, Foreign Bonds & Rails, and Money Market Bank Accounts.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and % Change.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and % Change.

BANKS, HP & LEASING

Table listing bank and hire purchase/leasing stocks with columns for Stock, Price, and % Change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for Stock, Price, and % Change.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.)

Table listing industrial stocks with columns for Stock, Price, and % Change.

INSURANCES

Table listing insurance stocks with columns for Stock, Price, and % Change.

LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Newsprint, Printers, and Advertising agencies.

TEXTILES - Contd

Table listing textile companies and their share prices, including various spinning and weaving firms.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land-related companies, such as investment trusts and financial institutions.

OIL AND GAS - Contd

Table listing oil and gas companies, including exploration and production firms.

MINES - Contd

Table listing mining companies and their share prices, covering various mineral extraction firms.

LEISURE

Table listing leisure and entertainment companies, such as hotels, resorts, and media firms.

PROPERTY

Table listing property-related companies, including real estate and development firms.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies, similar to the top section.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices.

THIRD MARKET

Table listing companies traded on the third market, including various financial and industrial firms.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies, such as manufacturers and dealers.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices.

FINANCE, LAND, ETC

Table listing finance, land, and other related companies.

PLANTATIONS

Table listing plantation companies and their share prices.

MINES

Table listing mining companies, similar to the top section.

NOTES

Notes section providing additional information and commentary on the market data.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoe and leather companies.

OIL AND GAS

Table listing oil and gas companies, similar to the top section.

FINANCE

Table listing finance-related companies.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including companies from various parts of the UK and Ireland.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies, similar to the top section.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies, similar to the top section.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies, similar to the top section.

OVERSEAS TRADERS

Table listing overseas trading companies, similar to the top section.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

Gaitskell's orphans

In his view, we couldn't afford to lose the next election again. Then there would really be a growth of a Liberal Party and a split...

MUCH has been made of the parallel between the Labour Party's position then and now: a third successive defeat; the realisation that social trends were undermining its electoral base...

Gaitskell's prescient analysis came out even more strongly at the 1959 post-mortem Blackpool conference. The changing character of Labour, full employment, new housing, the new way of living based on the telly, the fridge, the car and the glossy magazines...

His answer to the challenge of defeat was twofold: to modernise the party's image and to hold the line on defence. On policy, he was not an extreme revisionist. Unlike Douglas Jay, he did not want to break the trade union link...

One other change had occurred in the intervening year: the Gaitskellites had organised in the shape of the Campaign for Democratic Socialism, with William Rodgers (later one of the SDP Gang of Four) as its secretary...

At this point, the honest election politician had to be paralysed and hands the job over to the markets. We have already seen how the stock market crash of '87 tried to squeeze resources out of the private sector...

But even if this were true - and there are grounds for caution - we shall see the present time looks a singularly bad moment to contemplate such a move.

The death 25 years ago this week of Labour Party leader Hugh Gaitskell left an unfilled vacuum in British politics. Peter Pulzer explains

ment, about the principles of Edmund Burke adapted to the age of universal suffrage. Your representative owes you, not his industry only, but his judgment...

Given the ease with which Gaitskell won at Blackpool, the record was probably the more important - an impression strengthened by the letters that the CDS and Gaitskell himself, after his Scarborough speech, received. The CDS, however, quickly acquired a life of its own...

At this point, the honest election politician had to be paralysed and hands the job over to the markets. We have already seen how the stock market crash of '87 tried to squeeze resources out of the private sector...

Group of Seven countries to plug the financing gap. But after last year's Louvre debacle, their central banks are overvalued, devalued dollars and are unlikely to intervene on anything like a comparable scale.



for use within the unions, not the constituency parties.

Gaitskell had great faith in the ordinary member's common sense and his own powers of rational persuasion. Both seemed justified by the outcome of the Scarborough debate, when many constituency delegations switched their votes after hearing his speech...

His mission was to cure the party of ideological self-indulgence, of its ambivalence about power, of speaking to itself instead of to ordinary people with ordinary needs. He wanted to make it what it had been once before, from 1940 to 1961: what Willy Brandt was to call *politikfähig* - willing and able to accept responsibility.

The Labour Party that won the next two elections (in 1964 and 1965) was the party refashioned by Gaitskell and his supporters. It seemed to have become the natural party of government (the phrase was Harold Wilson's, the idea had been Gaitskell's).

Yet it was never really their government. For all their prominence, which they owed more to their abilities than to camaraderie between themselves and their prime minister, they were outsiders, slightly suspect to an increasing number of MPs and rank-and-file members. What had tied them to Gaitskell was not so much policy affinity...

His argument was simple: that party divisions did not correspond with the divisions of opinion. There was no majority for socialism in Britain but there was a potential majority for a non-doctrinaire radical reformism, adherents of which were to be found in the Labour and Lib-

eral parties and even among liberal Conservatives. He regarded the Gaitskellites' battle against Clause IV ideologies and trade union conservatism as doomed. If Gaitskell's orphans were looking for a godfather, they could have found him in Grimond.

In the 1970s, even more than the 1960s, voters were registering what was happening more quickly than many politicians. The slow move away from class politics, that both Gaitskell and Grimond had forecast, gathered pace. In February 1974 the Liberals polled nearly 20 per cent. One voter in four voted against a class party.

What finally caused the orphans to pull out of the crumbling family home was a combination of circumstances; as before, the voters' and the politicians' priorities did not coincide.

By the early 1980s, the Labour Party had become precisely what Gaitskell had

warned against at Blackpool in 1959: "Small cliques of isolated, doctrine-ridden fanatics, out of touch with the main stream of the social life of our time." The purpose of the organisational reforms, agreed in 1981, which created the electoral college and brought in mandatory re-election of sitting MPs, was to perpetuate this state of affairs.

What bound the new SDP together was support for British EEC membership, which did not interest the voters very much, and opposition to unilateralism, which did. As in 1980, defence policy was the acid test of being *politikfähig*. On economic policy, the signals were more confused. There was a sigh of relief at being rid of the union link. Beyond that, some of the SDP wanted a Labour Party Mark II - a better yesterday, as Ralf Dahrendorf, in a head of the school of Economic remarked unkindly; others, particularly Roy Jenkins, did not.

For many voters other factors mattered, especially the Labour Party's accelerating retreat from democracy. At Blackpool, Gaitskell had suggested one way of modernising Labour: the abolition of the protection of the individual against ham-handed and arrogant bureaucracy. Twenty years later Bryan Gould asked, in *Socialism and Freedom*: "Why do my constituents not (in general) regard socialism as the path to their salvation?"

The split in the Labour Party that Gaitskell had forecast did not realign the Left. Many who may fairly be called Social Democrats stayed in the party, as politicians or voters. It sometimes looks as though the Kinnock leadership would like to turn Labour into an SDP Mark II. It remains to be seen if, given the union link, its chances are better than those Grimond gave the Gaitskellites.

The SDP in turn is divided, and was divided from the start, on its relations with the Liberals. Like Gaitskell, those round David Owen could not bring themselves to take the Liberals seriously. Ironically, it was the defence vote at the Liberals' 1986 Eastbourne assembly that confirmed their suspicions. And yet, on an objective view, David Steel is really a closet Social Democrat who admired Gaitskell enough to consider joining the Labour Party when a student.

Gaitskell was a child of his time, and some of what he thought and said now seems dated. The formative influences on him were the 1926 General Strike, the crushing of the workers' rising in Vienna in 1934, and Munich. From these he derived a contempt for both mindless militancy and pacifism. He did not anticipate the decline of trade union power and had more faith in the role of the state in the market place than anyone in either wing of the SDP, or even Bryan Gould or an E-registration Roy Hattersley.

What remains intact is the intangible inheritance - his political mentality, the ability to observe social change, draw rational conclusions from it and, above all, to treat the voter as an adult.

The Long View

When sense makes no sense

EXCHANGE rate agreements are a growth industry. What a shame about the short life cycle: the first decade is so busy, it is not enough to make even a high-tech venture capitalist gasp for breath.

The Miyazawa yen-dollar accord at the end of 1986 lasted only a matter of weeks. The subsequent more grandiose Louvre pact lasted months longer than some of the participants probably dared hope; but their reward for propping up a groggy dollar was a bill for more than \$100 bn, a cold douche on Black Monday, and the prospect of another bill for anyone who dared repeat the trick.

Nonetheless, after the visit by Japan's new prime minister to Washington this week, we have a brave new yen-dollar accord; and the very turbulent conditions in the currency markets over the past three months have revived interest among economists (including Britain's Chancellor, Nigel Lawson) about a possibility of a move back to managed exchange rates. Is this something that investors, businessmen and the ordinary citizen should welcome?

At first sight, a return to almost any system of managed exchange rates sounds like an appealing alternative to our present world of torrential capital flows. In the course of the present decade, we have seen momentous exchange rate adjustments that have devastated domestic industries and made long-range planning for investment in plant and machinery impossible. In this world of overshooting currencies and trade imbalances, it sounds like mere common sense to call for a system of rules.

But even if this were true - and there are grounds for caution - we shall see the present time looks a singularly bad moment to contemplate such a move.

At first sight, a return to almost any system of managed exchange rates sounds like an appealing alternative to our present world of torrential capital flows...but John Plender has doubts.



the United States in handling the trade deficit. First, dollar interest rates could be raised in an attempt to reactivate private capital flows to finance the deficit - a less than tempting option, given that it carries the risks of precipitating another stock market crash and of alienating voters in a presidential election year. In the absence of substantial private capital flows, the Americans can try to persuade the other

Group of Seven countries to plug the financing gap. But after last year's Louvre debacle, their central banks are overvalued, devalued dollars and are unlikely to intervene on anything like a comparable scale.

In that case, the trade deficit will have to be cut back to a level at which some combination of central bank and private finance is forthcoming at least than penal interest rates. The

obvious way to do it is through tighter fiscal policy: raising taxes or cutting public spending ultimately reduces the import bill. But we have already seen that the President and Congress are in no mood to confront the political cost inherent in such deflationary measures.

There is, of course, the oldest economic trick in the politician's book: protection. Yet experience suggests that this is a very ineffective way to reduce trade imbalances and a most efficient way of precipitating trade wars.

At this point, the honest election politician had to be paralysed and hands the job over to the markets. We have already seen how the stock market crash of '87 tried to squeeze resources out of the private sector by providing investors with an incentive to save more and consume less, which would respectively make it easier to finance the US budget deficit and cut imports. But nobody now expects the crash to bring about adequate adjustment to the deficit. Which brings us to the last resort: more dollar devaluation.

The joy of devaluation is that it might just conceivably take place without the accompanying traumas of crashing markets, rising interest rates or swings in the value of the dollar. The American economy has the capacity to produce more of what it has hitherto imported from foreigners, demand will actually expand. Better still, it makes the surplus countries take part in the adjustment by forcing them to cut interest rates. This prevents their currencies from appreciating to the point where their exports cease to be competitive. In short, the excessive supply of dollars that results from the US trade deficit is brought back into line with demand through the price mechanism. Q.E.D.

Note that all these possible

responses bar the last involve deflating US domestic demand. The remedy that is not deflationary requires a floating exchange rate system. Looking at from the point of view of the investor, fixed exchange rates increase the risk of recession and of crashing markets around the world; floating rates increase the risk of inflation, as the declining dollar causes US import prices to rise and monetary policy elsewhere to ease, but reduces the threat of global recession - which is much better news.

There lies much of the rationale for what has been happening in the markets of late. The gyrations reflect the changing probability of inflation versus recession.

To put it another way, fixed rate systems favour creditor nations like West Germany and Japan, while floating rates help debtors like the US. Indeed, events since the original Plaza Accord of 1985 are a cumulative tribute to debtor power. The emergence of the United States as the world's biggest borrower might ultimately be incompatible with its role as custodian of the world's chief reserve currency. But until we find our way to a new monetary system, the US retains an awesome ability to flood us on its trading partners through currency and trade wars.

Indeed, the present US position is not unlike that of Britain's in 1931 when sterling came off the gold standard. The subsequent devaluation paved the way for one of the fastest growth rates in the world, behind a high wall of tariff barriers.

more choice
A range of 30 UK Authorised Unit Trusts is available from Gartmore, one of the largest British owned investment management companies.
For the experienced private investor and adviser this means more choice to tailor an investment strategy to meet individual requirements.
For the investor who finds such a range of investment opportunity overwhelming, we advise you to contact your financial adviser or call the Gartmore Investor Services Department free on 0800 289 336.
Gartmore
Formerly Oppenheimer unit trusts
Gartmore Fund Managers Limited - Gartmore Trust Management Limited, Gartmore House, P.O. Box 65, 16-18 Monument Street, London EC3R 8QQ. Tel: 01-623 1212

MARKETS

Adrenalin surges as Armageddon is avoided

IT CAME like a last-minute reprieve to a condemned man on Death Row, and not just to the intended victim; the awaiting crowds also hailed the unexpected news - and rushed for cover.

The November US merchandise trade deficit flashed onto London screens at an unexpected low of \$13.2bn yesterday and the FT-SE 100 index (Footsie) reversed a decline to go an immediate 20 points ahead. The dollar surged four pence against the German mark and hit Y180. The week of waiting had, it seemed, been worth all the agony; the way-out worst estimates were proved to be just that, and not a few market-makers were caught short.

The reaction was the same in Paris and Frankfurt and on any other European market open for business, official or otherwise. There was still an hour to go before Wall Street opened but, in Friday afternoon's euphoria, no one doubted the outcome and no one was disappointed: the first New York numbers were good and the markets' adrenalin responded to short-term analysis.

News that US producer prices fell 0.3 per cent in December, after an unchanged November, was the final icing to give an

immediate boost to the US bond market, particularly at the longer end. It was the same story in the futures markets, leaving analysts to ponder what all the week's agonising had been about.

The week had started with fears of a real Armageddon. Weekend reflection on last Friday's 140-point collapse on Wall Street - its third-largest

World Markets

fall in history - left raw nerves on trading floors around the world on Monday morning. Fears of another Black Monday saw market-makers widening spreads and waiting.

Tokyo moved first and downwards, declines leading advances by three to one in the first fall in five trading days. In London, the Footsie was down an estimated 60 points even before official trading began. The doom scenario of many weekend commentators and analysts appeared to be unfolding.

But it never came. Buyers stayed on the sidelines in the main but there was no rush of sellers, either. Dealing spreads

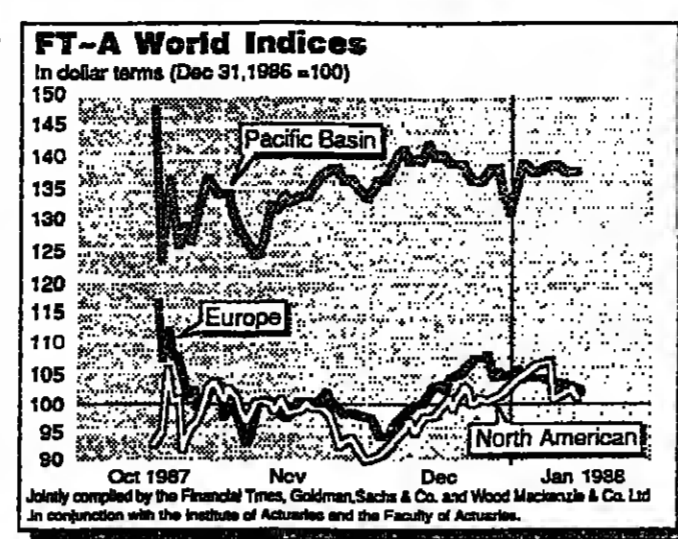
narrowed and London closed with a net loss on the day of just over 13 Footsie points. The story was much the same throughout Europe, most markets ending above their day's low.

Wall Street itself opened nervously in relatively heavy two-way trading, but a cautious rally before the close saw the main Dow Jones index regain a quarter of Friday's big losses. Armageddon avoided, or merely postponed?

The short focus moved immediately to the US trade figures and the week until yesterday saw virtually every market around the world marking time. Dealers with little business on hand joined in the great game of the week - guesstimating the figures. A kind of mania took hold, with estimates varying between \$12bn and \$22bn, and one enterprising London agency actually opened a book to call the odds. The short view had no time for fundamentals.

By Thursday, Tokyo at least seemed to have had enough. "People were fed up with talking about the trade figures and decided to get on with the market," said Stephen Coddington of Jardine Fleming, as the Nikkei average gained 275

points (1.3 per cent) with rises



Jointly compiled by the Financial Times, Goldman Sachs & Co. and Wood Macauley & Co. Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries.

leading falls by 2.5 to 1 in moderately heavy trading. But then, it was Tokyo's last chance before the weekend, the market was closed yesterday for a national holiday, leaving an uncertain London without its usual morning fix. The real fizz came with the trade figures.

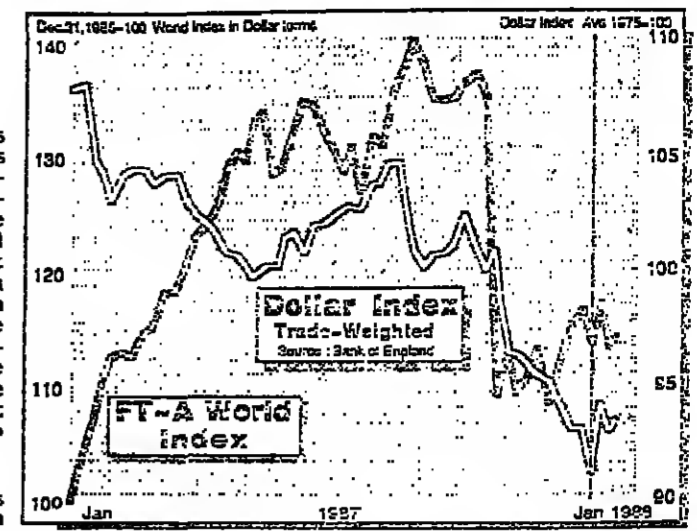
Not everyone was taking the short view, though. The second full trading week of the year

brought its usual crop of reviews of 1987 and the October disaster, but also some cautious previews. There are, of course, no bulls around but the bears are becoming relative. Sobriety induced by the October crash has put a high premium on caution, and the collective wisdom remains that investors ignore risk and fundamental valuation criteria at their peril.

Yet the New Year tendency is to put some cautious emphasis on the fact that the great shake-out has left values more reasonable. Some analysts are becoming more positive, and many London-based market watchers are advising an increase of equity exposure in Europe, particularly in France and West Germany - two markets which failed to join in the euphoria of the first nine months of 1987 when most markets were taking off into giddy heights.

Others are raising questions over economic management in Germany. The economy there ground to a virtual halt in the last quarter of 1987, provisional figures showing an increase in GNP of 0.5 per cent to zero. Ahead of yesterday's US trade figures, the criticism was that the Germans were not playing their global part (with the Japanese) in correcting world trading imbalances.

The Germans, for their part, argue that the estimated 1.7 per cent growth in output last year was due to domestic consumption, and point to the fact that export growth has been stagnant. And while on swivel low does not make a summer, it



is just possible that the better-than-expected US trade figures may take some of the pressure off the Germans.

Certainly, German market analysts are becoming slightly more optimistic. Deutsche Bank's Ernst Drayes sees two positive factors at work: "The stock market is oversold and the dollar is strengthening...most (German) negative data has already been discounted by the market." Foreign investors are more sure, but a more stable dollar after the November trade fig-

ures could change sentiment. Analysts this weekend will focus less on an immediate Armageddon but nonetheless on some important market-sensitive questions. Are the November figures a one-off - the best since last April - or could the December return bring more bad news? Is the dollar about to bottom out? Is Tokyo overbought, and what about a mini-recession in the US? But then, questions drive markets almost as much as answers.

Dominick Coyle

Traders emerge from hiding

THE MONTHLY trade figures may or may not show a true picture of US trading relationships but Wall Street does not mind either way. The figures may be six weeks late, in nominal dollars and not adjusted for the time of year, but they move markets. Wall Street makes money in moving markets.

For the past nine months, the monthly US trade report has come to dominate world stock, bond and foreign exchange markets. It was the big deficit figures released in mid-March, mid-August, mid-October and mid-December that sent the financial markets into a spin, and the lower figure in November that prompted a small rally. But the market's reaction to this week's figure (which covers November) outdoes everything.

Even before the markets opened last Monday, traders were so petrified of what the November trade report would bring that they were planning to spend the week in hiding. There were no buyers around. The dollar, which was riding high as the result of the Central Bank's New Year intervention,

drifted downwards all week, shedding a couple of yen and one pfennig. Bonds were a bit weaker.

The stock market was a dreary place. Despite the 140-point fall two Fridays ago, there was no bounce in the market. Volume hovered around 150m shares a day, which has

Wall Street

not been a respectable business level for months. There were whispers of a trade deficit even higher than the \$17.6bn for October that so demoralised everybody half-way through last month. Bolder spirits said the central banks would never have intervened to support the dollar without some certainty that their work would not be laid waste by a bad trade figure. But nobody was prepared to bet on it.

In this thin market, the big swings brought by programme trading, stock out all the more and irritated even professional fund managers. After Wednesday's performance, when com-

puterised arbitrage between the stock and futures markets drove stocks down sharply in the first hour, up again in the day and down in the last half-hour, Wall Street was well and truly fed up. The New York Stock Exchange introduced an experimental limit on programme trading on Thursday which runs until next Friday. Some fund managers would like the experiment to go on longer - like, forever.

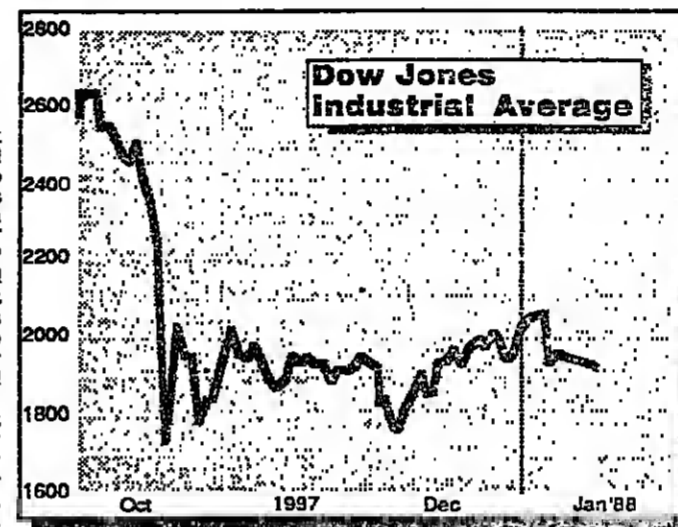
The trade figures duly flashed up on Friday morning, and they were wonderful. The trade deficit was just \$13.22bn, the lowest figure since April and far lower than the \$15.16bn which was Wall Street's middle estimate. Exports were up a handy 9.4 per cent while imports fell 6 per cent.

The pent-up markets loved the figures. In the first half-hour of New York trading, the dollar rose no fewer than 77 and four German pfennigs; long-maturity bonds rose 1.5 points; and the stock market soared 55 points on the Dow Jones Industrial Average. Even by recent standards, this was quite a dramatic reaction.

But was it the turning-point for US trade and the financial markets? Is US industry so competitive, and are US assets so cheap, that the dollar can now stabilise? Has the threat of rising interest rates gone away? Will export earnings soar and the stock market rise to reflect them? Will foreign companies pour into the stock market to buy up cheap US companies for their production facilities and market share?

All things are possible, but the bull case still looks wildly optimistic on the basis simply of trade figures. The November figure was \$2bn smaller than the market's forecast - but then, the October deficit was \$2bn higher than expected. Someone standing back from the monthly figures would see a deficit hovering about \$10bn since last summer. Who is to say that December's trade deficit might not be there, or worse?

Moreover, the stock market has a lot of things to worry about. If Wall Street is irritated by the programme traders, retail investors are scared. The sickening 140-point fall on the



Dow two Fridays ago was not a great advertisement for the stock market as a home for savings. This week has shown that, without new sources of funds, the trend of the market is down.

The stock market needs a US economy that is neither too strong nor too weak, and that is a tall order. Excessive strength carries the threat of higher interest rates, which will choke off any progress in stocks. But

there also are worrying signs of weak demand in the economy. Wall Street has also become anxious about business spending, and last week's profit figures from Digital Equipment, which supplies computers to small and medium sized companies, became a sort of touchstone of stock market confidence. Digital fell 67 7/8 to \$124 3/4 on Tuesday as the market decided to play safe and sold off the stock in prepara-

tion for Wednesday's results. As it turned out, Digital's revenues and earnings were up 23 per cent in its second quarter to December, but the group said it would be cautious about investment in the current six months. The stock shed a further \$5 3/8 on Wednesday and Thursday, before stabilising on Friday.

The best news of the week was a genuine large-scale takeover bid, and from a foreign (or quasi-foreign) buyer at that. The \$4.2bn offer by BAT Industries, a British company with American roots, for Farmers Group added speculative interest to the whole property/casualty insurance sector. Farmers itself rose \$11 1/4 to \$54 1/4 in response to Wednesday's offer.

The offer has given new heart to Wall Street's risk arbitrageurs because it is the second genuine takeover bid from a foreign company this year, after Hoffmann-La Roche's \$4.2bn offer for Sterling Drug. Throw in Texaco and A. H. Robins, two bankrupt companies with strong takeover possibilities, and the arts have a prospect of quite a good living.

James Buchanan
Monday 1245.13 + 32.82
Tuesday 1228.85 - 16.38
Wednesday 1223.73 - 02.82
Thursday 1216.11 - 05.52
Friday

APPOINTMENTS ADVERTISING

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre

For further information call 01-248 8000

Tessa Taylor ext 3251
Deirdre Venables ext 4177
Paul Maravaglia ext 4375
Elizabeth Rowan ext 3454

Television South plc

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 OCTOBER 1987

- TURNOVER UP BY 24.8%
- PRE-TAX PROFITS UP BY 51.4%
- EARNINGS PER SHARE UP BY 17.8%

	1987	1986
	UNAUDITED	UNAUDITED
	£m	£m
TURNOVER	171.9	137.7
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	21.8	14.4
TAX ON PROFIT ON ORDINARY ACTIVITIES	8.9	5.7
PROFIT FOR THE FINANCIAL YEAR	12.9	8.7
DIVIDEND	4.3	3.1
EARNINGS PER SHARE (FULLY DILUTED)	33.7p	28.6p

Ring the changes

The Financial Times has introduced a remarkable new telephone information service.

FT Cityline

Simply by picking up the phone and dialling the FT Cityline number you can access the FT's own vast databank of financial information. You'll get up-to-the-second prices on over 3,500 leading shares and a choice of 16 different FT Cityline Financial Reports including the UK Stock Market, Bullion, Tokyo and the Foreign Exchange and Currency reports.

All this information is yours for just the price of the phone call.

We are also proud to announce **FT Cityline Portfolio**, a brand new service designed for private and professional investors. For an annual subscription of £35 (inc. VAT), you will be allocated a personal account number to enter your own share portfolio into the FT Cityline computer. Then, at any time, you can dial up the real-time price of each share and, in addition with **Portfolio Plus**, the total value of your portfolio.

To ensure you get your free copy of the FT Cityline Share Index booklet, your FT Cityline Code Card and further details of FT Cityline Portfolio - post the coupon now.

Or, you can "ring the changes" on 0898 123456.

TO: FT CITYLINE, P.O. BOX 2, DISC, NORFOLK IP22 3HH

NAME _____
POSITION _____
COMPANY (if applicable) _____
ADDRESS _____
TELEPHONE NO _____
NATURE OF BUSINESS _____

FINANCIAL TIMES CITYLINE

Straight to the heart of the City.

FT Cityline is a registered trademark of the Financial Times. FT Cityline is a service provided by the Financial Times. FT Cityline is a service provided by the Financial Times. FT Cityline is a service provided by the Financial Times.

Zoning in on tax relief

Paul Cheeswright on two enterprising schemes in property investment to help higher-rate taxpayers

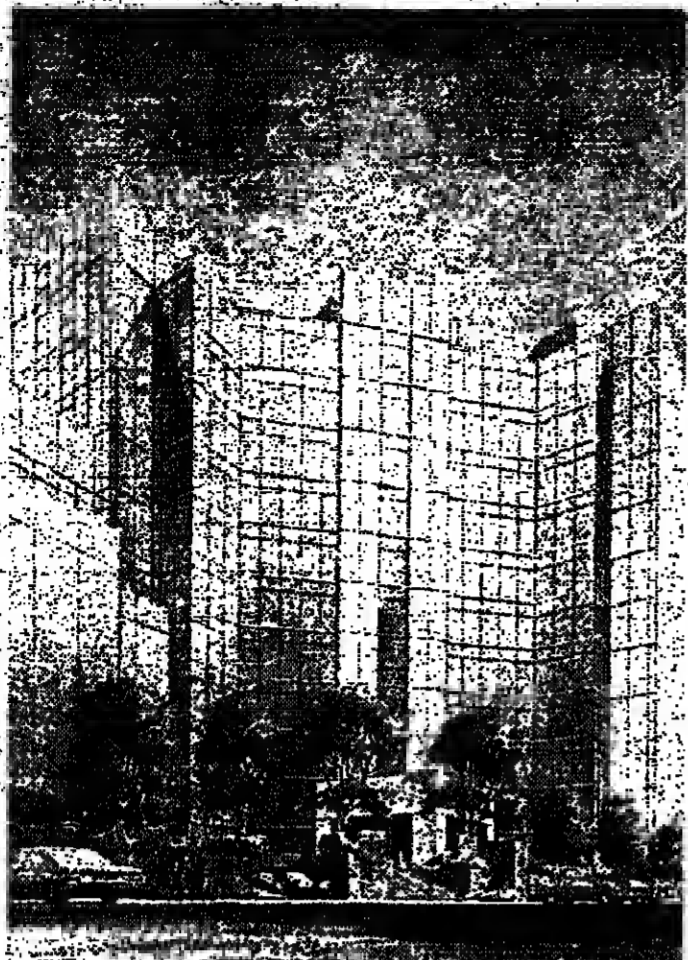
THE NEW Year can be relied on for two things: first, an avalanche of travel advertising and, second, the launch of tax relief schemes for high-rate payers. This week, two new schemes of syndicated property investment have been put on the market in anticipation of the end of the financial year.

The idea is to take advantage of the relief that can be granted through direct ownership of commercial property in the enterprise zones scattered up and down the country. There are 25 designated by the Government to stimulate economic growth, including part of the London Docklands.

The two schemes are the 6th Property Enterprise Trust (Pet 6) from Rutland Trust, in which London and Edinburgh Trust, the property company, is a significant shareholder; and the Laser 1988 Trust from Colegrave Johnson Fry, the financial services group. Laser is the acronym for Loudon and South-East Enterprise Zone Real Property Trust.

Both are Unauthorised Unit Trusts - that is, they are not authorised under the Prevention of Fraud (Investments) Act 1968 so they do not have the safeguards an investor would have when putting money into an authorised trust.

Each works similarly on the basis that a commercial property investment can be made without significant net outlay. In an enterprise zone there is a 100 per cent capital allowance on commercial buildings (although there are qualifications and the practical allowance is more likely to be 95 per cent). For a high-rate taxpayer - say, 60 per cent - there would be £5,700 on an investment of £10,000. The balance can be borrowed. Pet 6 and Laser can arrange that and the interest payments, which also attract tax relief, can be serviced by the rental income



The Pet 6 central investment at 3 Harbour Exchange

from the property. The Chancellor is thus paying a large chunk of the investment. But it is necessary to take a view of the property's prospects - after all, no tenant equals no rental income.

The central investment of Pet 6 is 3 Harbour Exchange, a 93,000 sq ft office building being developed by AMEC Properties and Charter Group Developments on the Isle of Dogs in the Docklands. At least two other properties will be bought in other enterprise zones.

Laser is also starting on the Isle of Dogs, with Harbour Island, 70,000 sq ft of shops, offices and restaurants which have a 25-year rental guarantee from Berkley House. Further investments will be made at Chatham Maritime, the enterprise zone on the Medway, where the naval dockyards used to be.

The actual yields from such investments, after taking into account tax relief, would depend largely on the tax status of the investor but would start at around 10 per cent,

according to the Pet 6 and Laser literature. For comparative purposes, potential investors would need to look not only at the range of enterprise zone property investments but also at other tax shelter schemes available such as pension funds, woodlands investment or the business expansion scheme.

Finance companies have developing experience of such tax shelter investments. Property Enterprise Trusts started in 1983 and the first five attracted investment of £28m. Colegrave Johnson Fry says it has sold or arranged the sale of 700 enterprise zone properties over the past seven years.

But the big snag of commercial property enterprise zone investment is that it is illiquid. There is no market as such in the trust units and, if they are sold within 25 years, they could be subject to what is called, 'a balancing charge' - that is, a proportion of the original tax relief would have to be refunded. So, anybody seeking a quick in-and-out investment had better look elsewhere.

Heather Farmbrough reports on two ambitious BES issues in the hotel industry

THERE ARE, doubtless, readers who dream of chucking in the 8.10 am from Surbiton and moving to the countryside to run a small, friendly hotel. Many are called - but few make money. The hotel market is uncertain, subject to the irrational fears and whims of tourists and the recession-sensitive nature of businessmen's wallets.

Nevertheless, plenty of hotel groups have been attracted to the Business Expansion Scheme to raise money, with 18 issues since 1983. Perhaps the explanation is, as Johnson Fry says, "Investors... can understand and sample the product."

This year, the investor looks like having plenty of opportunity to do so. Johnson Fry is raising up to £4.5m for County Resort Hotels, while Capital Ventures is seeking to raise £8m for the Ashford International Hotel. These are ambitious sums. Most earlier hotel issues have sought below £3m and have often been undersubscribed.

"Until the 1986 budget, hotel issues were very common, but they have dried up somewhat since," says Mr Stephen Rowe of BES research. This may be due to the 50 per cent asset rule which was introduced then, stating that only 50 per cent of a BES company's assets should be in land and buildings. BES hotel companies have dealt with the rule by leasing

New rooms to let

assets rather than buying freehold properties. The thinking behind the rule was that too many BES issues were over-safe and too sure - which is ironic given the unpredictable nature of the hotel trade and its variations in performance.

One of the successes to date is Resort Hotels, a three-year-old BES company run by Mr Robert Feld, which intends to seek a quotation on the USM in March. Resort currently owns two hotels and a restaurant and manages five other hotels.

County Resort will be managed by Resort. County is a clone issue to last year's Country Resort, which raised £1.7m under BES last year. County is itself a spin-off from Coastal Resort, which was also funded through a BES issue in 1986.

Like County Resorts, County will operate three-star hotels in the south of England. The management of the two companies will be the same; the only difference will be location.

"We will be operating in the three-star market outside the areas which are subject to fluctuations in tourist and business trades," claims Mr Feld.

"We are aiming to attract local commercial people and weekend breaks." County's prospectus indicates potential margins of 10 per cent by 1991, and possible pre-tax profits of £184,000, assuming a minimum subscription of £1m and two 40-45 bedroom hotels in operation.

If it raises £3m, County believes it could perhaps make as much as £414,000 with an 11.3 per cent margin. Bullish talk, indeed. The management has no incentive shares and Mr Feld is not receiving a salary. However, he is a substantial shareholder in Resort Hotels, which is subscribing £100,000 for the issue and taking a management fee of 3 per cent of the sum of both profits and sales, which he says is well below the industry norm.

The strongest clue to the likely success of this company lies with the successful record to date of County Resort. Similarly, the attraction of Ashford International Hotel lies in the three-year management contract with Queens' Moat Houses, the quoted company with 115 hotels. Ashford's five directors are all familiar with the hotel industry and

include the current finance director of QMH, David Hersey, and Martin Marcus, QMH's deputy chairman. Mr Dennis Fredjohn, chairman of Ashford, is also the chairman of Capital Ventures.

Ashford intends to build and operate a 200 bedroom hotel which will be built just north of the Kentish town in a prominent location alongside the M20 at Junction 9. It may not be the world's quietest hotel, but, as the press release says, Ashford is the gateway to continental Europe and only 20 minutes' drive from the Channel Tunnel terminal for car passengers.

Ashford has indicated that it could make pre-tax profits of about £590,000 in year three, 1990, and margins of 8.7 per cent, which seem a little more realistic than the higher figure suggested by County. It has assumed a 70 per cent occupancy rate, an opening date of early 1990 and a maximum subscription. Should the minimum subscription of £4.5m only be raised, QMH will invest £4.5m through the issue of convertible preference shares.

What happens if the Channel Tunnel is never built? The company's answer is that Ashford's excellent access to London and Dover has already earned it the status of Europe growth town. That means lots of high-spending business travellers anyway.

Eric Short on life companies' distribution deals

Bonus policies on display

terminal bonuses added at the end of the term. These are intended to reflect unrealised capital appreciation in the underlying equity and property investments and, as such, should vary with the swings of the market. This is where the actuary applies the smoothing process, which varies in degree and in the period of market fluctuation which it covers. Some actuaries apply the

smoothing process over a 12-month period, reviewing terminal bonuses just once a year. This provides stability in their with-profit contracts and they will not show a drop in maturity pay-outs, an advantage which can be sold to the independent intermediary.

However, following this policy, those investors whose contracts matured last summer did not get their fair share of the

profits. Given the state of the equity market, it is somewhat bizarre that an investor with a contract maturing now receives more than one maturing last summer.

Other actuaries are more concerned with giving investors a fairer share of the profit, without completely discarding the essential stability of with-profit contracts. They put up their terminal bonus rates when the

markets are high and cut back when markets are lower. Hence, the cut in terminal bonuses and lower pay-outs which are occurring now.

These companies will have to demonstrate to intermediaries that the cuts are being made from strength, to ensure the fair distribution of profits, and not from weakness. They are, indeed, giving quite detailed explanations as to the reasons why, as well as assurances on their underlying financial strength.

However, there could be a problem for those who vary their terminal bonus rates more than once a year. Equity markets could recover in a comparatively short time, thereby requiring them to put up the rates again in the near future. Their marketing directors, and the market itself, may well ask why, if the life company is financially strong, rates should be cut only to be restored shortly afterwards.

One lesson is being learnt by intermediaries, if they did not know it already. With-profits contracts vary considerably between companies. These contracts are not clones of each other and the market is far from homogeneous.

Intermediaries need to understand the philosophy of each traditional company, reflected in the degree of smoothing and stability attached to its bonus declarations.

PROFESSIONS OFFERED PHI DISCOUNT

NORWICH UNION Insurance, a leading company in the PHI (Permanent Health Insurance) market, is offering a 20 per cent discount on its premiums for this class of business in respect of nine professions.

This move to reduce premiums comes at a time when there is pressure to increase PHI premiums, particularly on group schemes. The reason is poor claims experience, in an atmosphere clouded by warnings of massive premium increases because of the likely effect of Aids. The nine professions, eligible

for the discount are:

- Chartered Accountants
- Actuaries
- Architects
- Barristers
- Doctors
- Ophthalmologists
- Pathologists
- Solicitors
- Surgeons.

The people in these professions likely to take out PHI contracts would be mainly self-employed and thus have good reasons to be off work for a short period as possible following illness or injury.

If you're making a mint now here's how to make a packet.

Top tax payers ring 01-225 3787

or send in the coupon for details

Name _____ Tel No. _____
Address _____

PROPERTY ENTERPRISE TRUSTS - 243 KNIGHTSBRIDGE, LONDON SW7 1DH. TEL. 01-581 1322

Why so few taxpayers?

Some weeks ago, I read with disbelief that only 130,000 people paid capital gains tax in the last fiscal year. Surely, I reasoned, this should have read 1,300,000. Even the unluckiest "Sis" would have found £6,300 gains difficult not to exceed with the remarkable - real - rise in share values.

But no, it was not an aberration. The figure was seen again in another respectable investment chronicle - £20,000, the same chosen few! Does an explanation lie outside this list, viz 1. no one else has sold any shares to create a gain; 2. indolence has been better than our wildest dreams; 3. sons, daugh-



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The figures of CGT assessments made on individuals (as distinct from trustees) are derived from the booklet *Inland Revenue Statistics*, published by HMSO.

The likely explanations include: (a) The present CGT rules discourage sales of assets acquired before April 1982, and of those acquired later which have outstripped the index of retail prices. The rules have been redesigned to encourage the disposal of such assets by way of gift to residents of the UK rather than by sale.

(b) As the years go by, the proportion of the investing public which has learnt how to avoid the CGT pitfalls laid by parliament (e.g. by careful tim-

ing of loss-making sales and negligible-value claims) is rising steadily.

(c) Assessments are not made in all cases - taxpayers sometimes agree to inspectors' requests to be allowed to withhold CGT liabilities from income tax refunds, without following the statutory requirements for assessment and collection.

(d) The CGT rules have become so intricate and confusing that a number of investors of moderate means (unable to afford the rapidly rising cost of professional help with the time-consuming calculations required) are unaware that they have CGT liabilities to report.



Claim for tax relief

I was interested in your reply to a query, headlined "Inherited values," in Briefcase on November 23.

I was under the impression that, by virtue of Section 179 of the Inheritance Tax Act 1984, a claim could be made by an executor for the proceeds of quoted securities which are sold within a year of death to be treated as the value at date of death for inheritance tax purposes. Given the recent stock market falls, it would seem beneficial for executors to realise quoted share portfolios for cash where there is a sizeable IHT liability, thereby reducing the IHT payable.

Admittedly, this reduces the probate value for capital gains tax purposes; but beneficiaries are not likely to be able to absorb losses arising which would be available to them if, alternatively, the shares were transferred to them in specie at probate value and subsequently sold.

In our reply on November 28 we omitted to point out that, where there is a sale of shares within the 12 months immediately following the date of death, it is open to the person who is liable to pay the inheritance tax attributable to those shares to make a claim for relief under Section 179 of the Inheritance Tax Act 1984; in which case, the actual sale price will be subtracted from the valuation made as at the date of death and the amount so arrived-at will be allowed as a relief (i.e. in reduction of the inheritance tax payable).

We regret that owing to a computer error, some items in the Briefcase column were inadvertently repeated in last week's issue. An additional reply to one of the repeated items - entitled "Inherited Values" - is printed above.

MIR on new home

I am a higher-rate taxpayer and now 60 years of age. Our house is valued at around £160,000 and only some £4,000 remains outstanding on the mortgage.

On retirement we probably would move to the New Forest area, which we visit quite a lot. Recently we put out feelers there for a flat in an existing small development and an opportunity to purchase a property for about £70,000 is now coming up.

The big question now is, if I pay off my existing small mortgage, can I obtain mortgage interest relief on a new mortgage - say £30,000 for tax efficiency considerations - on the second property? I have often read of various circumstances where there is a need to nominate which of one of more properties is, for tax considerations, to be considered as the main residence, but I wonder whether this choice remains while mortgage interest relief is being enjoyed on one property.

Although it is possible to choose which of two or more residences is one's main residence for the purposes of capital gains tax (and to change one's choice retrospectively, up to two years), by virtue of section 101 (b) (a) of the Capital Gains Tax Act 1979, there is no corresponding right of choice for the purposes of mortgage interest relief.

It looks, from the bare facts outlined, as though the New Forest flat would not actually become your main residence within a year of the borrowing

for its purchase, and consequently the answer to your "big question" is almost certainly no. Ask your tax inspector for the free explanatory booklet on the Tax Treatment of Interest Paid, IRII (1985). You may also like to ask for the pamphlet on the capital gains tax aspects, CGT4 (1983).

Taken on trust

On 24 October 1985 I invested £2,000 in a unit trust with units quoted at 100 pence each. The company now advises that an error was made and that the price per unit shares have been 1.20 pence, resulting in a considerably lower number of units being allocated. Is the company entitled to reduce the number of units which have been held for two years?

If the units were offered to you at 100 pence each and you accepted that offer, then the fund managers cannot now rely on their mistake to amend, alter or rectify the contract. You should insist that you are entitled to your full 3000 units and should resist any attempt to alter that.

Cover for liability

We are a residents association about 20 years old consisting of the 14 house owners in a private road and undertaking the maintenance of a drained tarmac road surface having unmade road pathways either side.

Our local council does not contribute to the upkeep but we pay reduced rates. The road is used regularly by vehicular, pedestrian and equestrian traffic.

To what extent are we liable if accidents should occur to passers-by or ourselves as a result of poor maintenance or acts of nature relating to the road and adjoining pathways. Would you advise an insurance cover if any liability does exist and if so what type and to what value would you recommend.

You would be wise to effect insurance against liability to third parties. We cannot advise you as to the full extent or value of cover required; but no doubt an insurance broker can be found to do this for you.

A home for life

Twenty years ago I married a widow with three children and since then have lived in her flat. At that time the flat was worth about £10,000 but is now valued at about £200,000.

My wife has bequeathed the flat to her children in her will but with me to retain possession for my lifetime. Her children have little means and if they became liable to pay inheritance tax on the death of my wife would be unable to do so without being able to sell the flat which I would not wish to give up.

Similarly, regarding a week-end cottage which my wife and I jointly own, my wife has bequeathed her half share

to her children with the same type of arrangement between us, each permitting the surviving partner to retain possession until death.

Could you please explain how inheritance tax is applied in such cases when the beneficiaries have to wait for an indefinite period, so to speak, physically acquire the assets.

It would be more tax-efficient if your wife were to make a gift during her lifetime to you of a share (say 60 per cent) in the flat. She can safeguard her children's position by contracting with you for you to make a gift of that interest to her children under your will. By that means both your inheritance tax nil rate bands of £90,000 can be used in reduction of the tax bill which her children will have to bear, and a sale during your lifetime might be avoided.

Victim of the storm

The recent storm caused a large elm tree in my neighbour's garden immediately against the dividing fence to fall and demolish part of the fence, which I understand to be mine. Also its upturned roots lifted and broke the concrete path on my side of the fence.

Is my neighbour liable for the damage caused to the fence and concrete? If so, does he have the work carried out or do I have the damage made good and submit the bill to him? I have no insurance policy to cover the damage.

You have no remedy against your neighbour unless the tree was already known by him to be in a dangerous condition.

Weekend Business

BORROW ON SECURITIES OR UNIT TRUSTS
Borrow up to 70% of current market value of U.K. or U.S. stock exchange securities or unit trusts. Minimum £50,000. Will also lend up to three times cash advanced by you for purposes of purchasing quoted securities. Send us a description of your portfolio for a specific offer with no obligations.
ICT FINANCE LIMITED
14 King Street, London EC2V 8PP
Tel: 01-600 1485 Tlx 9413732 ICTFIN G Fax 01-600 8909

DIRECT LENDER
wanted for our clients, 100 million + against collateral of prime world bank notes. Needed, 100% emission, payable interest 7 1/2% 10/20 years pay back.
Contact: Madison Capital Corporation
Fax: 201-338-7343
Attention: Jim O'Connell
Telephone: 201-338-6929 U.S.A.

Business opportunities in Canada - our Canadian Brokers are in UK late January. Call 0767-476118



Q, the magazine that's the modern guide to music and more. On sale now.

Businesses Wanted

Timber and or Builders Merchants

Required (1 1/2 - 2 acres) London area. Outright purchase or controlling interest considered.
Please reply: Box H2966, Financial Times, 10 Cannon Street, London EC4P 4BY

MANAGEMENT EDUCATION AND TRAINING

Publication date 22 March 1988
Copy Date 8 March 1988

The Financial Times proposes to publish this Survey on the above date.

A number of areas will be covered including:

- * What is to be done about British Management?
- * How do Managers actually think?
- * How can "Intuitive" thinking be improved?
- * How are leaders developed and teams built?

Please address all inquiries or suggestions concerned with the editorial content of this Survey to the Surveys Editor.

Advertising information can be obtained from Jacqueline Keegan
Tel 01-248 8000 extension 3740 or contact your usual Financial Times representative.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Details of Financial Times Surveys are subject to change at the discretion of the Editor.

WOULD YOU LIKE TO HAVE AN OFFICE IN GERMANY?

We offer you all facilities in the centre of Bremen in a noble area, viz:
- telephone, telex, telefax
- photocopy, fax, printer
- conference room fully equipped
- fully experienced secretaries with perfect knowledge in English and French
To sum up, a modern establishment. For further details please address to Box H2964, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses For Sale

FOR SALE

Processors and packers of edible oils and allied products. Modern, fully equipped and operational plant together with favourable lease in development grant area. Premium brand names, trade marks and extensive customer list available.
Write Box H2969, Financial Times, 10 Cannon Street, London EC4P 4BY

LEISURE BUSINESS FOR SALE

Holiday Tour Operator coach & air packages, 1987 TPO ESM. Assets include good advance registration 1988 International Properties U.K. Properties. Executive coach fleet.
Further details write: Box H2968, Financial Times, 10 Cannon Street, London EC4P 4BY

Polythene Manufacturing Company For Sale

Well established, profitable business, with turnover of £1,200,000 PA. Situated in South London Metropolitan area.
Particulars only: Write Box H2965, Financial Times, 10 Cannon Street, London EC4P 4BY

FOOTWEAR SHOPS

Ten retail outlets for sale in the North of England.
Please reply to Box H2967, Financial Times, 10 Cannon Street, London EC4P 4BY

POLYTHENE MANUFACTURING COMPANY FOR SALE

Well established, profitable business, with turnover of £1,200,000 PA. Situated in South London Metropolitan area.
Particulars only: Write Box H2965, Financial Times, 10 Cannon Street, London EC4P 4BY

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Personal

DOMESDAY BOOK Penny Edition, Signed, Numbered. Offers over £10,000. Write to Box H2967, Financial Times, 10 Cannon Street, London EC4P 4BY



Our investment philosophy as explained by Van Gogh's brother, Theo.



Van Gogh, throughout his short tortured life, was virtually ignored by the "best" critics of the day.

One of the few men who recognised his strange genius was Theo, an art dealer who constantly fought for his brother's cause. (Theo, incidentally showed astonishing foresight when he selected "Irises" as one of the two paintings to be shown at a major exhibition).

Recently, Van Gogh's "Irises" was sold for a record £30,000,000, while "Sunflowers" fetched a mere £22,000,000.

This story vividly illustrates our philosophy, which can best be described as "the principle of undiscovered value".

Framlington Pensions Management devotes its energies to identifying those overlooked and undervalued companies that we believe will show the greatest growth in earnings per share, market rating and therefore price.

To us, underlying fundamental strengths are far more persuasive than recent price.

Long term potential is more attractive than the vagaries of current performance.

All it takes is a keen eye and foresight. Just like Theo.

For more information either call Paul Loach or Richard Lanyon on (01) 374 2931, or write to Royal London House, 22-25 Finsbury Square, London EC2A 1DS, and ask for a brochure.



FRAMLINGTON

Pensions Management Limited

OUTDOORS

The answer lies in the soil for Jeremy Cherfas

Chalk it down to history

THE NATURAL history of the British countryside is almost everywhere an artificial history. Practically all of the landscapes we enjoy, even remote moorlands and old oak forests, owe their existence to the activities of people, chopping trees in the one case, planting and managing them in the other.

Perhaps the best known are the chalk grasslands. Chalk grassland — the downs of southern England — is the classic example of a landscape that depends on people. The last Ice Age ended some 10,000 years ago, when the chalk hills and escarpments became covered with trees. About 5,000 years ago, along came Neolithic farmers who cut the trees to provide cattle grazing. That started the process that culminated in the vast sheep-covered downlands of the 17th Century.

The difficulty with this story — especially the timings — is that evidence is scanty. Palaeo-ecologists, who decode the history of landscapes, get some of their best clues from pollen grains, which can survive extremely well and tell a trained eye exactly what plant they are from. On chalk grasslands, however, the palaeo-ecologists are thwarted by the very landscape they want to study. Chalk and limestone are porous, so water seeps through without forming the lakes or peat bogs that might trap and preserve pollen from earlier times.

Recently, however, two scientists based at Hull University have discovered a site in the Yorkshire Wolds that throws new light on the history of chalk grasslands. It is called Willow Garth, and it is special because rains often cause a nearby stream, the Gypsy Race, to flood and create a pool. Beneath that pool is peat, formed from the plants of the neighbourhood, and within the peat are pollen grains.

Radioactive carbon left in the peat provides a clock, which says that the deposit runs from about 11,000 years ago to the present day, with an unfortunate break between about 8,000 and 4,500 years ago. In the lowest, oldest, layers the pollen is from cold-climate plants such as spring gentian and purple saxifrage. About 8,500 years ago birch trees put in an appearance; the climate was getting warmer. The birches are joined by pines and oaks, hazel and elder, but none of the trees ever dominates the area. Instead, there is a great deal of pollen from grasses and flowers typical of grassland, such as plantains, bellflowers, various vetches, and bird's-foot trefoil.

Although the fields around Willow Garth are now arable, they have soil typical of grasslands. The pollen trapped in Willow Garth shows that trees never really covered the landscape after the last Ice Age. Why not? Probably because people followed very closely

behind the retreating ice, cutting the trees they found, grazing their livestock, and harvesting seeds from the fat hee, orchard and oats that thrived in these conditions. If we can believe the peat of Willow Garth, some grasslands are thus much older than we previously thought. They still needed a helping hand from people, but these people might well have been on the scene for 8,000 years, rather than the 5,000 years commonly assumed.

Long before woodlands covered the country, agriculture had created chalk grasslands, one of the most complex habitats in the country. Throw down a metre square of old grassland and you may find more than 40 different species of plant crowded together. That profusion depends, paradoxically, on the very poor soil above the chalk. No single species can do better than any other, and so a wild variety of plants all eke out a living together; dropwort and rock-rose, horseshoe vetch and field fleawort, buttercups and cowslips.

Plough in fertilisers, and you make it impossible for most of those plants to survive. A few grasses grown for hay, therefore, are the "improvement," smoother all the other flowers. The result is a green desert. The story offers hope, however, to anyone who wants to see those green deserts bloom again. Why not? Probably because people followed very closely



And sheep may safely graze ... on chalk grassland

They discovered that simply leaving a field fallow is not enough. It will be invaded by coarse grasses and shrubs, not-grassland flowers. Some grazing is vital, although the exact details are unimportant. Grazing, whether by many sheep for a couple of weeks or fewer animals for longer periods, is what allows downland plants to come in and multiply. With the plants come butterflies; dark green fritillaries, brown argus, marbled white, fluttering above the flowers where before there had been only couch grass, cocksfoot and rough meadow grass.

The change was far swifter than anyone expected. Within just a couple of seasons, the grazed plots contained 212 different species. More than half of the permanent grassland plants present in neighbouring

areas of "unimproved" grassland quickly arrived in the grazed areas. These included some very rare species. Putting animals out to graze on old pastures is quite compatible with normal sheep farming. Some ewes are barren, and can manage well on poorer pasture. Breeding ewes need to be "dried off" for a while after the lambs have been weaned, and downland is quite suitable. It is, after all, where their ancestors thrived when the emphasis was on wool rather than meat. No farmer could afford to tie up a large part of the land in restoration schemes, but if the most marginal arable land were given back to sheep, people could again enjoy the stunning profusion of wildlife on the old chalk grasslands. It may not be natural, but nothing is.

How fortunate, then, that a group of ecologists at Oxford University is studying the best way to get back from arable to downland. Their site is a field in Wytham Woods, near Oxford.



Lawrence Garner battles with dem-dry stones

Up against a stone wall

IT IS not actually raining today, so there is no excuse for not going to the Wall.

As a dry stone waller I skirmish with walls all the time, but most of them begin with a small "dem-dry" and are not meant to last. The Wall is different. It stands high on a Welsh mountainside, and from its starting point at a thousand feet it snakes its way up a 45-degree slope until it disappears in the mist.



Country notes

When I took on the job of repairing it I knew that it was not going to be a friendly encounter, but there seemed to be good professional reasons for tackling it. After all, it was going to be paid for it, it was the sort of job that occurs once in a lifetime, a chance to use techniques that every waller ought to have in his repertoire. I may even have mentioned the word "challenge".

But lately I have given up trying to explain away what is obviously a grotesque enterprise. There is no rational reason why the Wall should ever stand again. No-one will ever come to look at it, and it could be replaced quite effectively by a fence.

But there is a compelling irrational reason. Somewhere around the beginning of the nineteenth century a farmer decided to define his boundary once and for all. Men sweated blood to build the thing, and those anonymous heroes deserve a better memorial than a disintegrating heap of rubble.

Judging by the size of some of the stones they manhandled there must have been at least four of them. They were not professional wallers — farm workers, probably, or casual labourers glad of a bit of work. Did they know what they were taking on?

They must have got out of bed on winter mornings and walked a mile or two in the absolute darkness of that remote countryside before making the final exhausting climb up a slippery sheep track. When they arrived they would have started the back-breaking business of finding their raw material.

When tourists set out their picnic tables in the lay-by far below and look at the steep climb up the Wall they wonder how the stones were carried there. The answer is that they were not. Men scoured the mountainside picking up stones, and when those ran out they got out their picks and dig. If they wanted heavy slabs they hacked them out of the nearest rock outcrop.

From time to time I stumble into their miniature quarries hidden under the bracken, and it is an odd feeling to come across a

heap of rejected stones and realise that they were last handled more than 150 years ago by one of those original builders.

It would be pleasant to continue in this romantic vein and say that I am restoring a miracle of craftsmanship to its former glory. Not so, I'm afraid. The Wall was a product of the Primitive School, which maintains that if the stones you pile up are heavy enough they will stay put for a long time regardless of how you lay them. The result was fat, lumpy, unscientific and destined to slide into ruin.

The thin structure I am putting in its place looks ridiculously lightweight by comparison, but then I have the benefit of the latest eighteenth-century technology. Those farm labourers, isolated in their Welsh valleys, were not to know that further north, on either side of the Pennines, a new breed of professionals had developed an elegant technique that required half the stone to build walls that would last twice as long.

So that is what I am doing now, fitting together my slimline substitute, and guiltily throwing away surplus stone that was painfully won by stoical labour. As I dismantle the Wall it fights back resolutely, tipping its precariously-laid stones on to my feet or soddenly throwing off the fine piece of slab I have earmarked for my new foundation. I curse as I watch it bounce gleefully downhill for several hundred feet. I curse as I nearly follow suit, scrambling for a foothold on the slope.

But I am winning. The new wall is inching its way uphill. When the wind is in the right quarter I can hear Welsh voices muttering in ghostly derision, and I know what they are saying: "Stimpy thing like that - it'll never stay up." It will — but unfortunately I won't be around to say "I told you so."

Lawrence Garner

BRIDGE

TODAY we shall deal with the problems of East and West, and offer some hints for the defence. Both hands occurred at rubber bridge and we start with People who Count.

N		E	
QJ82	10543	9J764	10543
A06	10954	964	10954
J1094	762	10842	762
84	AK10	AK103	AK103
	92	75	75
W		S	
Q86432	AK7	AK7	AK7
Q87	K08	K08	K08
73	Q653	Q653	Q653
	AK7	AK7	AK7
	K08	K08	K08
	Q653	Q653	Q653

North dealt at a love score, and after two passes South opened the bidding with one no trump. North said two clubs, and after South's response of two diamonds jumped to three no trumps on his good 10 points.

Against the nine-trick contract West opened with the seven of clubs, East won with the ace and played the knave. South following with the six. West was a good player, and he did what every player must do — he counted the points around the table. He himself had 8, dummy had 10, and East had produced 6. Therefore South must have the remaining 17.

The declarer could run four spade tricks and three hearts, not four because he had denied four cards in both major suits. It was quite likely that he held four clubs, so instead of playing low on the score four clubs and the diamond ace. Had West not overtaken, the declarer would have sailed home without any problem.

We cannot call this defence difficult but you know and I know many Wests who would

have played a low club at trick two. They just cannot count on to five.

Now let us study Anti-duck:

N		E	
775	10543	9J764	10543
J23	10954	964	10954
52	762	10842	762
AKQ96	AK10	AK103	AK103
	92	75	75
W		S	
Q86432	AK7	AK7	AK7
Q87	K08	K08	K08
73	Q653	Q653	Q653
	AK7	AK7	AK7
	K08	K08	K08
	Q653	Q653	Q653

With North-South game, North dealt and bid one club, South replied one diamond. North rebid two clubs, and South, certain that his partner must hold something in hearts, bid three no trumps.

Instead of starting with a spade, West was inspired to play for his partner's hand and led the 10 of hearts. Declarer covered with dummy's queen, East shrewdly played the seven — an essential duck — and South came to hand with a diamond to his king. He now led the five of clubs, intending to finesse dummy's nine, to make sure of four tricks against a 4-2 break. West, however, — it really was his day — did not slavishly follow with the three, but played his knave, an excellent anti-ducking play. Unable to allow West to hold the trick, because another heart lead would be fatal, declarer had to win on the table. He cashed two more clubs, just in case West was pulling a fast one but East turned up with four cards in the suit. Now South turned to diamonds, and finessed his knave, but West won, and returned his remaining heart to defeat the contract by two tricks.

Full marks to East-West for a great defence but no marks to the declarer. He could have avoided the shameful result by allowing West's heart 10 to hold the first trick. This duck cuts the lines of communication, and declarer can take the diamond finesse without danger.

E.P.C. Cotter

Same salary, same career, different pension.



The right Executive Pension Plan from the right insurance company — such as Norwich Union, for instance — can make all the difference to the sort of lifestyle you and the key members of your staff might enjoy in retirement.

An Executive Pension Plan can give you and your staff a number of benefits — a tax-free cash sum on retirement, a guaranteed income for life and tax relief on all contributions at the highest rates paid.

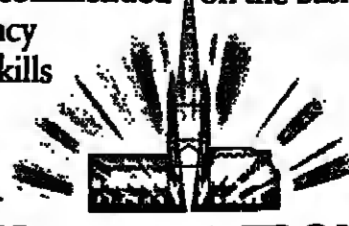
You should ask an Independent Financial Adviser — such as your insurance broker or your accountant — for advice on the full

range of benefits, as well as the right choice of insurance company.

Norwich Union may well be recommended on the basis of high levels of payouts, the consistency of those high payouts, investment skills and financial strength, all of which can affect the value of executive pensions at retirement. So don't delay.

Ask your Independent Financial Adviser about Norwich Union Executive Pension Plans today.





PENSIONS FROM NORWICH UNION



FOR PENSIONS YOU'RE BETTER OFF THE NORWICH WAY.

All references to taxation in this advertisement are to UK taxation and are based on Norwich Union's understanding of UK law and Inland Revenue practice as at 1st October 1987.

London Property

<p>HOLLAND PARK OFFICE</p>  <p>HOLLAND PARK, W2. A most attractive location, close to the park and the station. The office is in a modern building with excellent facilities. Call Brian Lack & Co. Tel: 01-488 9017</p>	<p>ST. JAMES WOOD OFFICE</p>  <p>ST. JAMES WOOD, W8. A lovely and well-located office in a modern building. Call Brian Lack & Co. Tel: 01-488 9017</p>	<p>ST. JOHN'S WOOD OFFICE</p>  <p>ST. JOHN'S WOOD, W8. A lovely and well-located office in a modern building. Call Brian Lack & Co. Tel: 01-488 9017</p>	<p>TUFNELL PARK OFFICE</p>  <p>TUFNELL PARK, N2. A most attractive location, close to the park and the station. The office is in a modern building with excellent facilities. Call Brian Lack & Co. Tel: 01-488 9017</p>
--	--	--	--

OPEN 7 DAYS A WEEK *Brian Lack & Co* **OPEN 7 DAYS A WEEK**

CARLTON SMITH & CO

Headline Court, S.E.1. £195,000
A fine two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £140,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £125,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £110,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £95,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £80,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £65,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £50,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £35,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £20,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

Headline Court, S.E.1. £5,000
A two bedroom apartment in prime South Bank location. Call Brian Lack & Co. Tel: 01-488 9017

sturgis

LANCASTER GATE, W2
A first floor flat of stunning proportions in this recently developed building. Call Brian Lack & Co. Tel: 01-488 9017

Princes Gate Mews
Two bedrooms mews house with scope for further improvements. Call Brian Lack & Co. Tel: 01-488 9017

FULHAM-CHelsea BORDER, £255,000
For sale privately, a large Victorian freehold, end of terrace family home. Call Brian Lack & Co. Tel: 01-488 9017

13 Cornwall Gardens, London, SW7

Five outstanding apartments overlooking these lovely private gardens, in this superb part of Kensington, having been carefully restored with interior design by David Hicks International. All flats offer every modern amenity, a wealth of period detail and splendid roof terraces or balconies.

2-3 bedroom flat from £275,000
3 bedroom penthouses £445,000
Magnificent first floor maisonette £450,000

VIEW TODAY and TOMORROW 12 am - 4 pm

barnard marcus 7 Lower Sloane Street, London SW1W 8AH, 01-825 4191

ALLSOP 100 Knightsbridge, London SW1X 7LB, 01-584 6106

HYDE PARK W. 2

A luxurious 4th floor flat designed for entertaining. Huge reception room, 3 bedrooms, 2 superb bathrooms, 24 hour porterage, underground garage with valeting, Long lease.

Westside Estates 01-486 9666

Activity holidays

LOOK TO THE FUTURE.....
Have Tomorrow's Holiday Today. Tossing on a beach is fast becoming a thing of the past. Be sure of your stake in the future and join those who know that the Big Country - Northumbria - is the best country for a super horse riding holiday. No matter whether you are a lifetime expert or a timid first time novice we have the horse and the holiday for you.

***POST TRAIL RIDING HOLIDAYS**
***LEARN TO RIDE HOLIDAYS**
***IMPROVE YOUR RIDING**
***DRAWN CARRIAGE HOLIDAYS**
***NORTHUMBRIA HORSE HOLIDAYS**

Get your free brochure today from **NORTHUMBRIA HORSE HOLIDAYS**, East Castle, Arncliffe Plain, Stanley, Co. Durham DH9 8PH. Tel. 0207-235354 or 230555 or your local travel agent.

Country Property

PERTSHIRE and DEVON

FORESTRY-PLANTING LAND
501 acres near Pilschry. Approved under the Forestry Grant Scheme with landscape plan for planting a range of species. Sporting potential. Excellent access.

ESTABLISHED PLANTATION
49 acres near Exeter. Net income from thinnings 1992 onwards. Close to M5 Junction.

Barry T Gumble, Fountain Forestry Limited, 35 Queen Anne Street, London W1M 9FB. Telephone: 01 631 0845. Fax: 01 580 5237

St. Ives / Penzance. Holiday Investment Homes £24,950
3 Bedroom Scandinavian Villas. Self Financing. Full Management Service. G.G.T. Relief. Leaseback Guarantee. Full Furniture Package available. Brochure: Carmel Manser, Coastal Penzance. Tel 0736 66671.

NEW FOREST HAMPSHIRE
Unique opportunity to purchase this fabulous luxury executive house fitted to the highest standard. 4 reception rooms, superb designer kitchen, 4 bedrooms, Master suite, 2 further bathrooms, 1 en-suite. Full gas fired central heating and double glazing. Beautifully landscaped garden. Apply: Jackson and Jackson, New Forest. 0590 712111

International Property

DANBY VERMONT
1,200 ACRES HARDWOOD FOREST
An excellent pole to small sawlog forest primarily of Sugar Maple, White Ash and Yellow Birch situated at the Northern end of the Taconic Mountains in beautiful Western Vermont.
\$356,000 Rollover relief into both land and crop may be available.
C. C. Jones, Fountain Forestry Incorporated, 35 Queen Anne Street, London W1M 9FB. Telephone: 01 631 0845. Fax: 01 580 5237.

AN ISLAND IN FIJI
A rare opportunity occurs to acquire a beautiful freehold island which has been in the same family for 76 years. It is situated in the Lau or Eastern Group and is virtually untouched by civilization and accessible by air. Ideal for investment or someone wishing to really "get away from it all."
For further information apply to:
David Ragg Esq., Ragg & Associates (Fiji) Ltd, P.O. Box 861, SUVA, FIJI. Telephone Nos: 24371/312078. Cable address: RAGLAND, FIJI.

VILLARS VILLAGE
A SAFE COUNTRY + A SOUND ECONOMY + A SWISS FRANC INCOME +
LE BRISTOL
LAST FEW REMAINING APARTMENTS
New investment opportunity in Swiss real estate. Excellent income potential. A unique concept in select fully serviced apartments with all the facilities of a luxury hotel - indoor heated swimming pool, restaurants etc. 1 to 4 room apartments from SF 195,000.
Up to 60% Swiss Finance available at favourable terms.

INVITATION
Meet the Swiss Developers at THE MAYFAIR HOTEL, Stratton Street, London W1. 12-4pm, 27th and 28th January

For details and appointment: Hilary Scott Overseas, Church Lane, Barchingham, West Sussex, PO22 0EP. Tel: 0243 554319. Telex: 86704.

EURO PROPERTY ADVISERS

Jennie Pinder specialises in up-market residential and commercial property overseas.

Whether you are looking for property in Spain, Marbella to Sotogrande; Portugal, the Algarve or Lisbon; France, Antibes to Cannes; Sardinia, the Costa Smeralda, we offer the very best selection of prime developments at luxury re-sales.

You are invited to a **PRESENTATION** London Marriott Hotel, John Adams Suite, Grosvenor Square, London W1. **Wednesday 20th January - 12.00 noon to 8.00 pm** 27 New Street, Salisbury, SP1 2PH - Tel. 0722 330847

SWITZERLAND
Sale to foreigners authorized

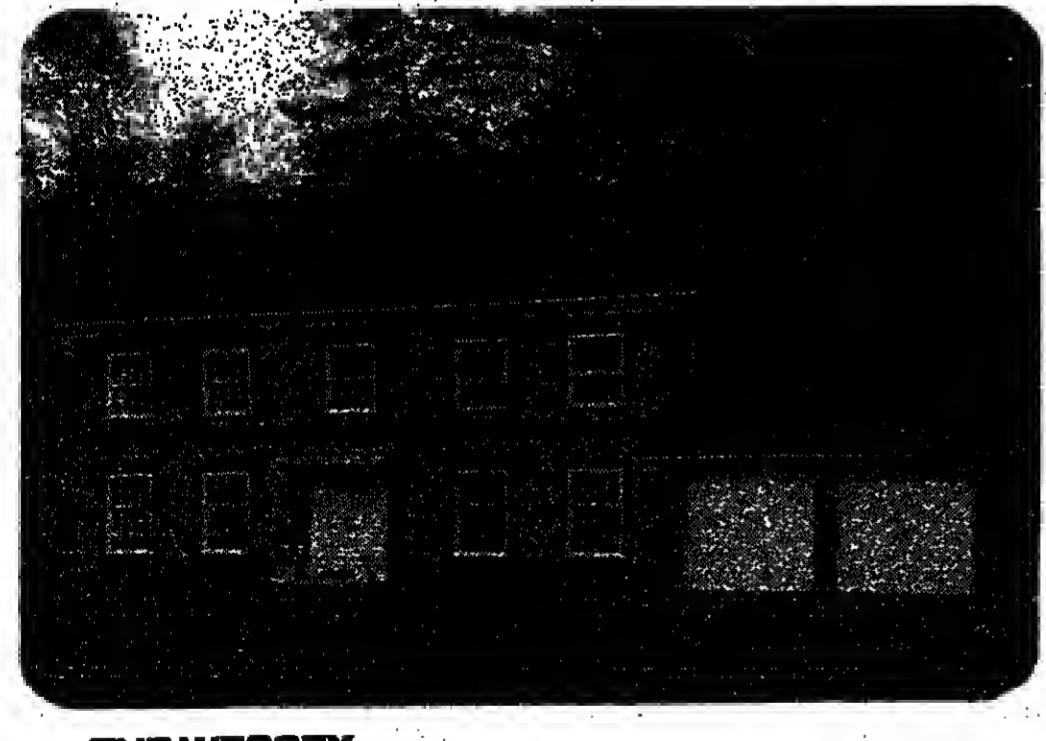
Lake Geneva & Mountain resorts
You can own an APARTMENT or CHALET in: MONTREUX, CRANS, MONTANA, VERBER, VILLARS, GRUYERES, CHATEAU-D'OEUX, region of Gstaad, LES DIABLERETS, LEysin, JURA, Thermal Center in the Rhone Valley, etc. From SF. 135'000.- Mortgage 60% at 6 1/4% interest, 5-20 years.

REVA S.A. 52, rue de Montbrillant - CH-1202 GENEVA. Tel. 41 22 34 15 40 - Telex 22 03 0

CHARLES CHURCH

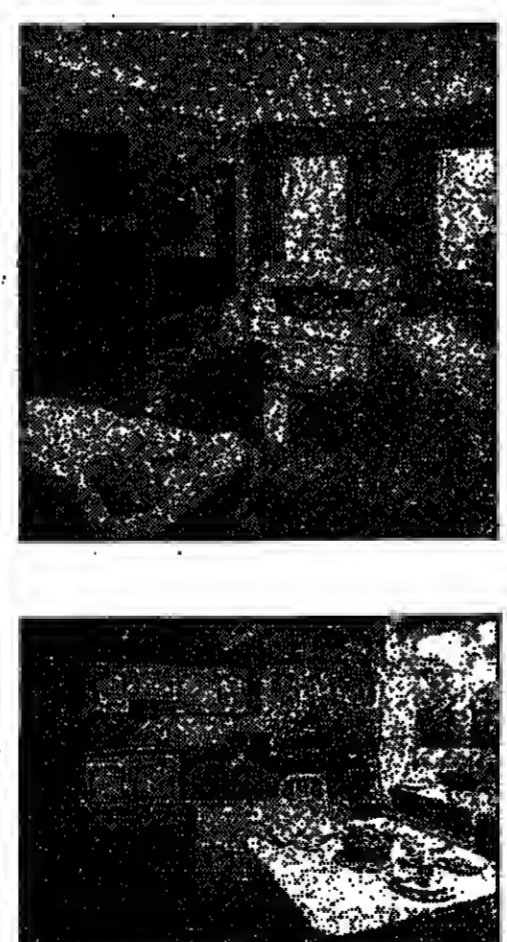
BUILDING QUALITY HOMES OF CHARACTER IN BUCKINGHAMSHIRE

WOODBANK
GERRARDS CROSS FROM AROUND £300,000

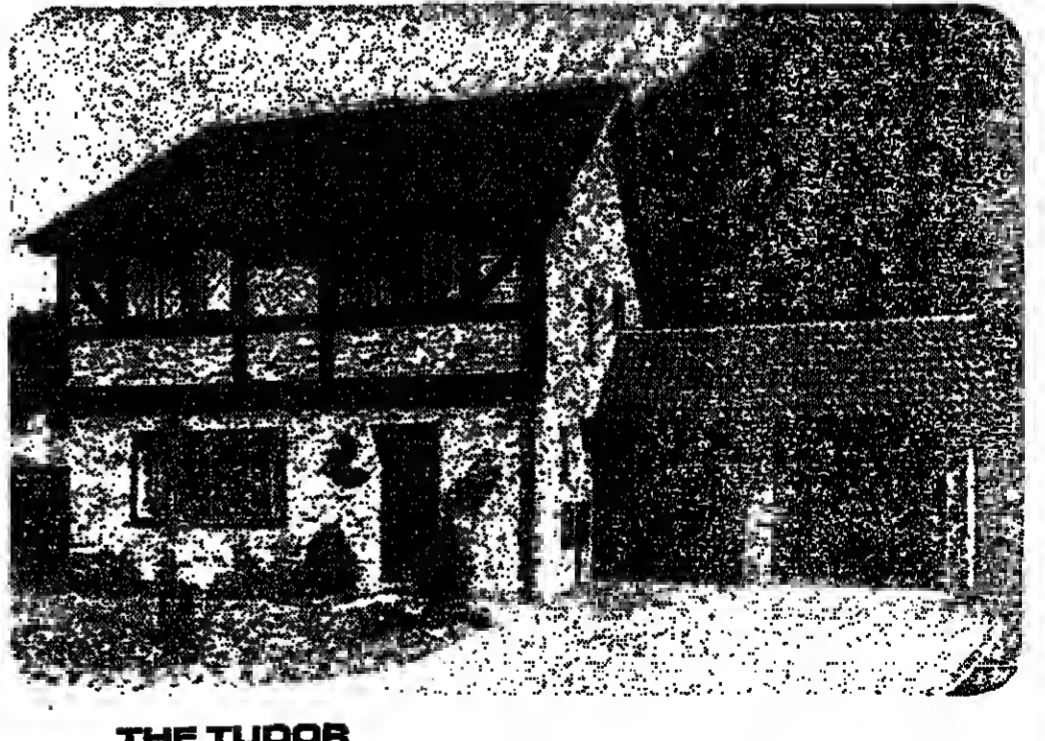


THE WESSEX

Craftsmanship and traditional building techniques play a large part in the Charles Church construction philosophy - for example, all internal walls, even upstairs are built with solid blockwork, not stud partitioning. The roofs of larger houses are built individually of heavy timbers on site by carpenters who enjoy and respect such time honoured methods.



THE ORCHARD
NAPHILL. Near High Wycombe FROM AROUND £150,000



THE TUDOR

Whilst at The Orchard each house has only four bedrooms there is still an ensuite shower and of course the same high standards of construction and finish will be found at both locations. TAKE A CLOSER LOOK AT A CHARLES CHURCH HOUSE THIS WEEKEND - IT WILL ALMOST CERTAINLY BE THE BEST MOVE YOU MAKE THIS YEAR.

SOLE SELLING AGENTS
RAFFETY BUCKLAND
Land & New Homes

SHOWHOUSE OPEN DAILY AT WOODBANK
Telephone (0753) 887504
or, when closed (0494) 462626

FOR FULL DETAILS VISIT THE WOODBANK SHOWHOUSE OR CONTACT RAFFETY BUCKLAND
1 Crendon Street, High Wycombe
Tel (0494) 462626
Telex 83544 Raffbuk G
Fax (0494) 36362



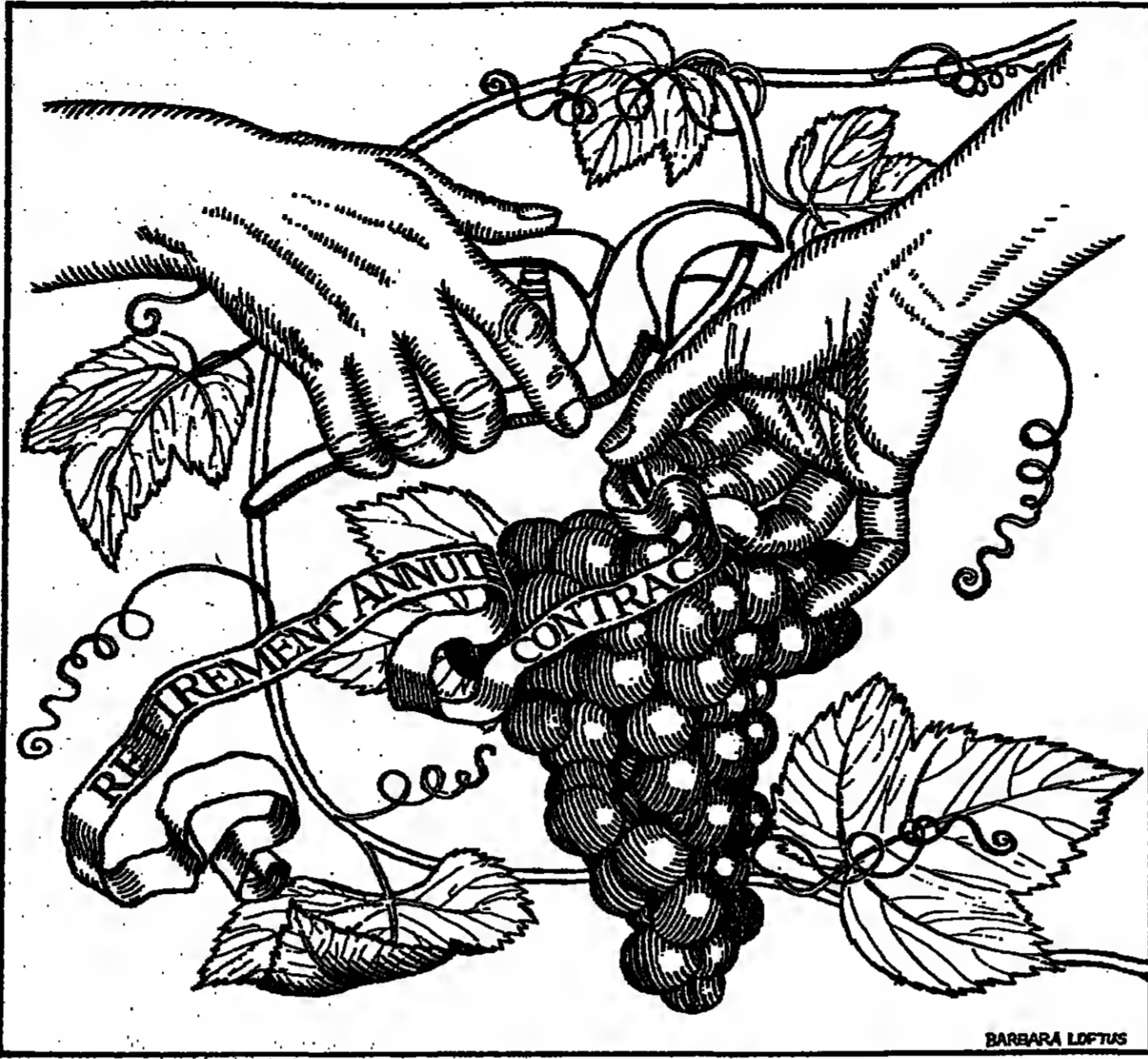
FINANCIAL TIMES SURVEY

CONTENTS

Personal pensions: nothing to lose from acting now... 2
Loanbacks: why pension mortgages are so tax-efficient... 3

Marketed under a variety of names, retirement annuity contracts have been available for over 30 years. Now they are being replaced by personal pensions. But, until July 1, employees and the self-employed have a final opportunity to use these contracts in their pension planning. Eric Short explains

Offering the chance of a lifetime



Retirement Annuity Contracts

FOR OVER three decades, retirement annuity contracts have been on the pensions market. They enable the self-employed and employees not in a company pension scheme to make their own pension arrangements in a tax-efficient manner, akin to that for company pension provisions.

The design and format of personal pensions were based on retirement annuity contracts and both contracts look similar. Indeed, as far as the investment aspects are concerned, they are identical. The transition should be made smoothly.

Indeed, life companies have had a virtual monopoly in the field of individual pensions. This monopoly is being ended on July 1 - one of the radical changes being brought about by the legislation. Under the new pensions environment,

banks, building societies and unit trusts, as well as life companies, will be able to offer personal pensions to the public. So life companies have only a few months left in which to operate free from outside competition and they

An action checklist for the self-employed

AS FROM July 1, 1988, retirement annuity contracts are being replaced by personal pensions. Thus, from that date the self-employed will no longer be able to take out any new retirement annuity contracts.

Deadline for a simple strategy

The six-month delay means that the change-over will now take place in the financial year 1988-1989. So for the current tax year 1987-1988 the self-employed can continue their pension planning as normal.

check that any new contract is with a life company which has a track record of paying consistently good annuity rates. Up to now, when a self-employed person wanted to take his pension, he (or she) was not confined to buying the annuity from the life company with which he had retirement annuity contracts.

From July 1, 1988 investors can switch the accrued benefits from a retirement annuity contract into a personal pension at any time but they cannot reverse the switch - it is a one-way option.

Some life companies used not to bother about annuity payments and they have an indifferent record. In the future they might pay more attention to their annuity rates

Many self-employed people wait until the end of the tax year before deciding what contributions to pay for that year and they pay the money to the life company in instalments at the close of the tax year.

So to retain this higher cash sum from the retirement annuity contract, the self-employed must take the remaining pension from the life company that has issued the contract and not use the open market option.

Personal choice for employees

EMPLOYED PEOPLE who are not members of a company pension scheme have always been able to take out retirement annuity contracts. But to date very few people have taken advantage of this facility.

The second tier is for those employees who wish to either make further contributions on top of the first tier, or to remain in Serps but to boost the pension that they will get from that scheme.

There is no reason why an employee should not take out the second tier before taking out a first tier, that is he takes out a retirement annuity contract before July, and then the appropriate personal pension in July or thereafter.

take a higher proportion of the value as a tax-free cash sum. The later the age of retirement, the greater the proportion that the investor can take as a cash sum. This feature is discussed in a separate article.



What will your pension offer when you retire?

When you've worked hard all your life to achieve a better standard of living, the last thing you want when you retire is a second-rate life-style. Which is why now is the time to choose the best pension your money can buy.



That way, you'll be able to take advantage of our success, and get yourself on the right road for the retirement you deserve.

For more information - and your free copy of 'Is time on your side?' by Consumer Pension Journalist of the Year Leigh Hopkinson - complete and return the coupon, or talk to your independent financial adviser.

Form for Prolific Financial Management, including name, address, and postcode fields.

ANNUITY CONTRACTS 3

The Financial Services Act comes into operation in April

Protecting investors from unprofessional advisers

AN INDIVIDUAL investing in a retirement annuity contract has to make several decisions in what should be a carefully thought-out financial planning exercise with the ultimate objective of providing an adequate income in retirement together with an attractive cash sum available at the time of retirement.

This requires the individual paying sufficient contribution level out of his income, up to Inland Revenue limits, and investing those contributions in the appropriate contract with a selected life company that can provide the required investment return to secure the retirement income and cash sum.

However, it is not easy for the individual to ascertain the required level of contributions that should be paid in a year, allowing for both the carry-back and carry-forward provisions, particularly for people with highly variable earnings. If individuals contribute what they think they can afford, then the ultimate pension is likely to be far from adequate, simply because the amount paid in is likely to have been too low.

Next, in the choice of contract and life company the individual is faced with a variety of contracts from a number of life companies, each with quite different investment funds. These vary from building society deposits, with-profit contracts and unit-linked funds which invest in the complete investment spectrum - cash, fixed-interest, equities (UK and overseas) and property.

The investor needs to understand the underlying risk/reward features of each type of fund. The stock market crash last October has given investors a timely reminder that investment risk is a real factor, to be taken into consideration.

It is apparent that most individuals will require financial advice from a professional adviser, many of whom are themselves self-employed, in arranging their retirement annuity contracts.

The planning exercise is not completed once the first retirement annuity contract has been set up. The financial circumstances of individuals are constantly changing and the planning will need to be revised from

time to time if that target income in retirement is to be obtained. So any adviser must be in a position to provide continuing advice over longish periods.

There are a number of different advisers who specialise in dealing with retirement annuity contracts. By the very nature of two life companies or independent financial advisers dealing, in theory, with all life companies.

All these life representatives are trained to a high degree in all aspects of retirement planning, including the determination of the appropriate contribution levels to be paid. But it does mean a certain duplication of the work of the self-employed's accountant. Often the accountant is quite happy to leave everything to the life representative.

A three-way discussion between the client, his accountant and a life representative can often provide the best approach to this exercise.

Individuals dealing with life representatives need to understand at the outset whether they are dealing with a purely independent intermediary or a company representative. Often the decision is not entirely clear as to in which capacity the intermediary is operating.

However, this situation will change in April when the 1986 Financial Services Act is scheduled to come into operation. The overall objective of this legislation is to protect investors by ensuring that only authorised persons and firms can deal in or advise on investments. Retirement annuity contracts from a life company are classified as investments.

The purpose of authorisation is to ensure persons in the investment field are both competent and honest. The provisions of the Act to ensure this competence and honesty are complex and varied. But there are certain aspects which affect retirement annuity contracts.

Life representatives must either be truly independent or represent just one life company and sell the product of that com-

pany - the so-called "polarisation" situation. The position of the representative must be made clear to the client at all times.

Independent financial advisers are expected to operate under an industry commission agreement which is designed to avoid bias both in the recommendation of the product and in the life company issuing that product. If this is not the case, the independent financial adviser must disclose to the client the amount of commission being received for selling a particular product. In any event, the client himself always has the right to ask for the commission to be disclosed.

The illustration of ultimate benefits on a contract will be on a controlled, realistic basis.

There will be an official complaints procedure that can be taken against authorised persons.

However, the Financial Services Act will be operative only during the final months of the existence of retirement annuity contracts. Until April, the present largely unregulated system will still be in operation.

So during this period the investor will still have to look after himself. It will be his responsibility to ensure that the adviser is competent in selling retirement annuity contracts and to check the adviser's reputation for fair dealing.

Eric Short

Loanbacks

Why pension mortgages are so tax-efficient

PENSION ARRANGEMENTS are highly tax-efficient means for saving out of income towards providing cash and pension at retirement. But they have the disadvantage of locking away assets until the time of retirement, assets that the self-employed may well want to use in his business.

However, the assets in a pension arrangement can be unlocked by means of the loanback facility available on a retirement annuity contract, a facility that has been available only for about a decade.

There are two forms of loanback available to the self-employed.

The first applies to an existing retirement contract which has been in force for some time and has accumulated a reasonable sized value. The investor can borrow from the life company up to the current value of the contract, or a high percentage of that value, providing it does not exceed the anticipated cash value.

The loan then becomes one of the assets backing the contract and, under Inland Revenue rules, the interest charged must be at a commercial rate - at least three points over base rate.

This loan facility is virtually automatic for the self-employed. There is no requirement for status of the borrower, purpose of the loan or any other factor usually associated with taking out a loan.

The second type of loanback relates to both new and existing retirement annuity contracts. The individual borrows from a financial institution, which is not normally the life company issuing the contract. The amount of the loan is a maximum of a fixed multiple of the premium being paid to the contract - usually 16 or sometimes 20 times the premium.

Thus if a self-employed person takes out a retirement annuity contract paying an annual premium of £5,000, he can borrow up to £75,000 or in some cases up to £100,000.

Often, the multiple which the institution is prepared to lend depends on the status of the borrower, with professional classes qualifying for a higher multiple. Again, the interest paid has to be at a commercial rate.

In both types of loan, repayment is intended to be made from the tax-free cash sum available at retirement.

Since, under Inland Revenue

rules, retirement annuity contracts cannot be assigned, the individual will have to put up some other asset as collateral. In most cases, this asset will be his house.

This leads on to a special form of loanback - the pension mortgage.

Pension mortgages are highly tax-efficient, since in addition to the tax relief on the interest payments, the investor gets full tax relief on the contributions, which are invested in a tax-exempt fund. And, of course, the final lump sum is paid tax-free.

The life cover can also be done in conjunction with the retirement annuity contract, with an investor getting full tax relief on the contributions.

The original purpose of loanbacks was to provide a source of finance for the self-employed to use in their business development in a similar manner to loanbacks on executive pension arrangements.

However, the use of loanbacks has gone far beyond this original concept. For the self-employed tend to use the loanback as much for personal as for business uses - for private loans, second homes and other items.

Nevertheless, loanbacks and pension mortgages should be used with caution, since they commit the investor, in advance, to using his tax-free lump sum for the specific purpose of paying off the loan.

Despite this, many investors have taken out retirement annuity contracts specifically to secure a loan. Had the loan facility not been available, then they would not have taken out a contract, thereby not making any provision for themselves.

Under Inland Revenue rules, retirement annuity contracts cannot be assigned. Some other asset must be used as collateral. In most cases, this will be a house

Eric Short

Choosing the right type of policy

Best of both worlds is also on offer

ONE OF the great benefits of a competitive market is that it creates variety and choice. Because the retirement annuity market is so highly competitive there is consequently a wide range of different types of contract from which to choose.

Basically, however, the policies can be broken down into two fairly distinct types, namely "with profits" and "unit-linked", according to the amount of investment risk inherent in each.

A with profits policy is popular with those who want the security of steady, if somewhat conservative, growth in their pension benefits, rather than the sort of volatile investment performances which tend to be associated with unit-linked policies (and which have been experienced in recent months).

With profits policies provide guaranteed minimum benefits each year the life office will add reversionary bonuses to the plan to increase those benefits. Once these reversionary bonuses have been added, they belong to the policyholder and cannot be taken away.

The rate of reversionary bonus varies with each life office and although it is derived from investments made by the life office, it will not directly reflect the growth achieved but instead will smooth out fluctuations. That is why, despite recent stock market falls, values of with profits policies maturing now remain largely unaffected.

An increasing number of life offices add special reversionary bonuses from time to time to reflect exceptionally good investment performance, and once added these also cannot be taken away. In addition, the accumulated value of a with profits policy will, in most cases, be increased at retirement by the addition of some form of terminal bonus, which will reflect capital growth achieved over the years the policy has been in force. However, terminal bonuses are not guaranteed to be payable and may be reduced or even stopped completely if market conditions dictate.

The stock market collapse at the end of last year gave rise to serious concern over the prospect for terminal bonuses and life offices are even now declaring their rates for 1988. Reversionary bonuses, on the other hand, depend mainly on dividend income and because that has not been greatly affected by the stock market fall, reversionary

	Five years	Ten years
Scottish Life	22,651	26,294
Pearl	22,645	25,505
Scottish Amicable	22,629	25,457
Equitable Life	22,523	25,427
Norwich Union	22,475	25,334

Figures are for £1,000 single premium paid by man aged 60 at outset for 5-year term, aged 65 for 10-year term, retiring at age 65 on September 1, 1987. Source: Money Management magazine.

Sector	October 1987	November 1987
Managed	-21.2%	-4.4%
Equity	-25.3%	-7.3%
International	-25.5%	-8.6%
Europea	-27.8%	-8.6%
North American	-32.8%	-2.9%
Far East	-30.1%	-1.2%
Money	+1.6%	+0.6%
Real Interest	+3.9%	+1.8%
Index Linked	-1.6%	+7.4%
Property	-2.8%	-0.4%

Source: Money Management magazine

any bonuses are not expected to be badly affected, if at all. The table shows the top five performing with profits policies over five and 10 year terms for a £1,000 single premium.

Under a unit-linked policy, each premium paid buys units in an underlying fund or funds, chosen by the policyholder. The value of the funds will go up and down directly in line with the funds' investment performance, so it is much more volatile than a with profits policy.

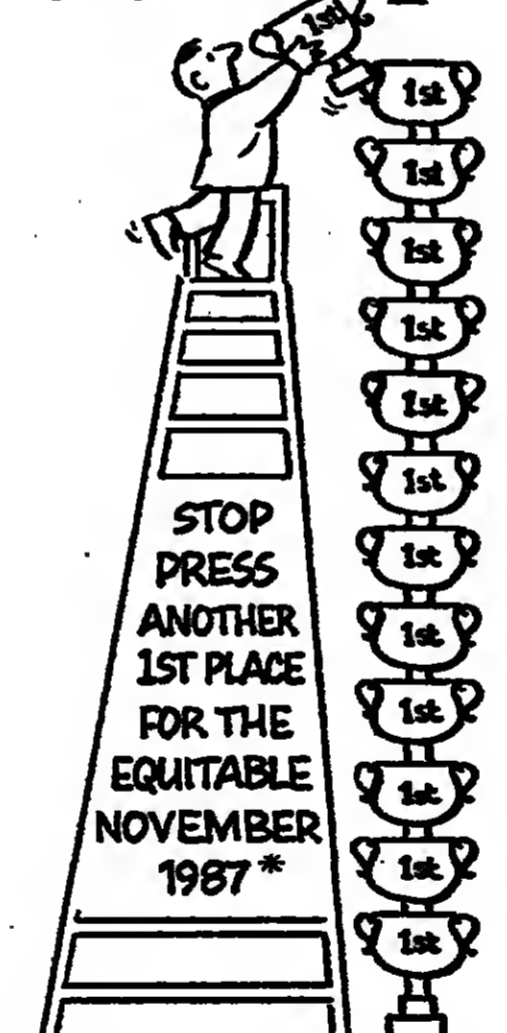
Over the past 12 years of the bull market, many unit-linked policies have performed spectacularly, easily outstripping even the best with profits policies. But the fall in the stock market last year wiped off something like 30 per cent of values.

The second table shows the effect of the 1987 stock market collapse on each sector of the unit-linked pension fund market. This is the average fall (or rise) of all unit-linked funds in each sector and obviously individual funds may record higher or lower losses (or gains).

If you do not like the relatively steady image of the with profits policy, and the recent stock mar-

Janet Walford
Editor, Money Management

Which company would you buy your pension from?



THE EQUITABLE NEAREST RIVAL

Number of 1st places in surveys of regular contribution with profits policies for the self-employed as published by Planned Savings magazine 1974 to 1987 inclusive.

Many companies will be competing to handle your pension but which should you choose?

As the oldest mutual life assurance company in the world The Equitable's 225 years of experience clearly sets us apart. However, it is not just our longevity you should consider.

OUTSTANDING TRACK RECORD

For the past 14 years Planned Savings magazine has surveyed regular contribution with profits pension policies for the self-employed. Of the 25 tables published for 10, 15 and 20 year terms, The Equitable has come top in 13 and second in 6 more. An unrivalled achievement.

Quite simply, in that period, we have more first places than all our UK competitors put together.

TOP PERFORMANCE

Also, do not make the mistake of thinking there is little to choose between pension companies.

If you had retired on 1.9.87 aged 65 you'd have been 55% better off with

The Equitable than with the worst performer amongst our competitors.*

FLEXIBILITY

The Equitable flexibility, too, is outstanding. You can retire at any age between 60 and 75 without any penalty and are free to vary your contributions as you wish. Furthermore, The Equitable offers a wide range of investment routes including both with profits and unit-linked schemes. And unlike many companies which make hefty charges in the form of low initial allocations or so called capital units to cover the setting up costs of your unit-linked policy, The Equitable makes no such charges. Also, our ordinary management charges for the underlying investment fund are commendably low.

How do we achieve this?

NO SHAREHOLDERS

Nor does The Equitable have any shareholders to nibble away at the profits.

EXPERT INVESTMENT

The Equitable has one of the finest investment teams in the United Kingdom and currently manages more than £3bn on behalf of its clients.

Of course, the past cannot guarantee the future but we think you'll find The Equitable's efforts on behalf of our clients give unrivalled results.

So if you want the best in Pension Plans, just write to The Equitable Life Assurance Society, FREEPOST, Walton St, Aylesbury, Buckinghamshire HP21 7BR or call us direct on 0296 26226.

*20 year regular contribution with profits policy - Planned Savings Survey November 1987.

NO COMMISSION

The Equitable has never paid a penny of commission to brokers or other middlemen for introduction of business. So more of your money is available for investment.



WEEKEND FT

SPORT

Tennis/John Barrett

Australia set fair for advance

THE WHOLE of sporting Australia...

Beyond the building that houses the five indoor courts...

When a light drizzle caused the roof to be closed on Tuesday night...

Before the tournament began...

Without doubt the NTC is a magnificent concept...

For the first time for some years...

Besides the 15,000 seat centre court...

However, Cash senior's complaints about the way Tobin has handled the apartheid demonstrators...



Pat Cash: has enough on his plate as reigning Wimbledon champion without political worries

Cash's Wimbledon win and a well-timed development programme...

in the game. Frayley, a stocky Queenslander with heavy groundstrokes...

For the first time for some years...

Kratzmann's 4-6, 6-3, 6-1, 6-2 demolition of Paolo Canale...

This represents almost a career in the field...

Woodforde, 22-year-old left-hander from Adelaide...

enced game which lacks only a little more bite...

Defending champion Stefan Edberg of Sweden...

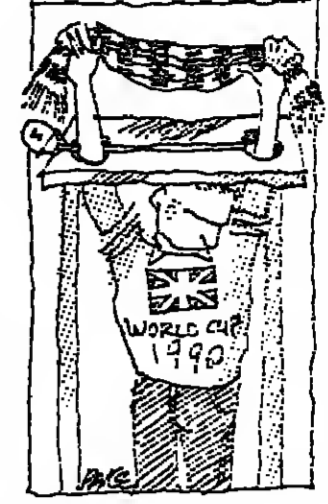
However, Edberg's compatriot Mats Wilander...

The conditions are equally suitable for the top-seeded woman...

Although Miss Navratilova did achieve one of her two victories over Steffi on similar courts...

The defending champion, Hana Mandlikova...

Soccer/Brian Bolien



The cup runneth over

SOCCKER'S CUP runneth over. Already this month we have seen the FA Cup...

June brings the European Nations Championships...

Perhaps the most over-used clichés in the English language relate to the FA cup...

Before the third round matches, and the two games it required to best second division Liverpool...

Liverpool have a splendid record in two-legged cup matches...

The draw might have been designed to minimise the impact of England's 'mindless minority'...

The great levelling out at international level continues...

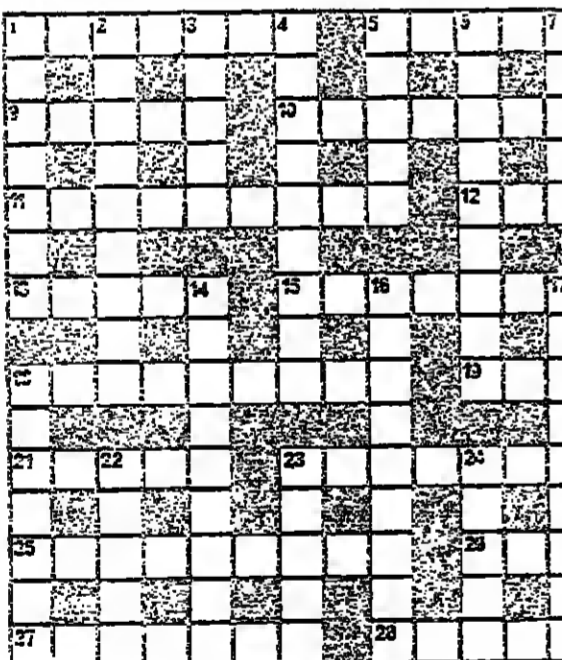
Scotland's national coach Andy Roxburgh is anxious to correct the assumption that Scotland's group is a paper one...

There are other very talented players in the pipeline...

There are other very talented players in the pipeline...

FT CROSSWORD No.6531

Prizes of £10 each for the first five correct solutions opened...



ACROSS: 1 Explosive device, possible danger to earth (7)...

SATURDAY

Indicates programme in black and white

9:00am TV-am Breakfast Programme, 9:25am News, 10:00am News...

SUNDAY

Indicates programme in black and white

9:00am TV-am Breakfast Programme, 9:25am News, 10:00am News...

TELEVISION AND RADIO

Indicates programme in black and white

9:00am TV-am Breakfast Programme, 9:25am News, 10:00am News...

Indicates programme in black and white

9:00am TV-am Breakfast Programme, 9:25am News, 10:00am News...

Indicates programme in black and white

9:00am TV-am Breakfast Programme, 9:25am News, 10:00am News...

The Sixth FT City Seminar. Flinster's Hall, City of London, 11, 12 & 15 February, 1988

Financial Times Conference. For information please return this coupon...

Handwritten signature and text at the bottom right of the page.